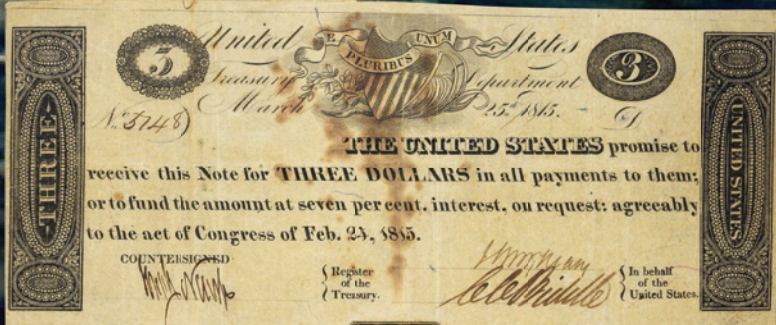
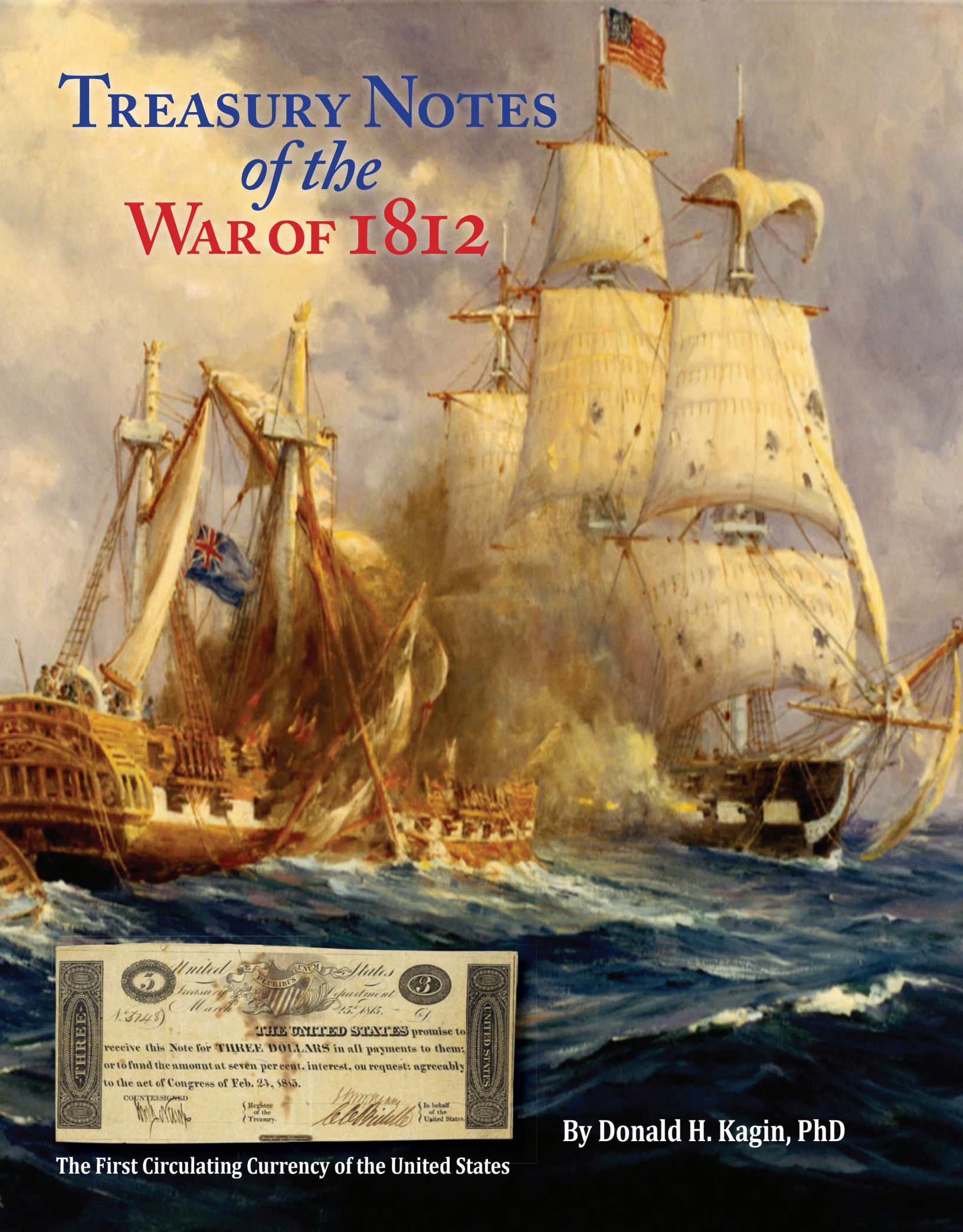


TREASURY NOTES *of the* WAR OF 1812



By Donald H. Kagin, PhD

The First Circulating Currency of the United States

About the Author



Donald H. Kagin, Ph.D.

Donald H. Kagin, Ph.D. was born into a numismatic family and began his professional numismatic career cataloging auctions for his father A.M. “Art” Kagin and his uncle Paul in 1968. He attained the nation’s first B.A. degree in numismatics at Northwestern University and the first numismatic Ph.D. from the Union Institute and University.

The latter led to his first book, *Private Gold Coins and Patterns of the United States*, which was published in 1981 and is considered the reference book for this series. His Doctoral minor specialty was U.S. paper currency and his research in that regard culminated in the publication of *Treasury Notes of the War of 1812* in the scholarly publication, *The Journal of Economic History*.

Further research resulted in updated manuscripts appearing in *Paper Money*, the journal of the Society of Paper Money Collectors and The American Numismatic Association’s *The Numismatist*. For both publications Kagin was awarded their highest journalistic awards. This reference work is a comprehensive treatment of the first circulating currency of the United States, and is considered the definitive work on the subject.

Besides cataloging, writing, lecturing and teaching numismatics, Kagin is a member of several numismatic clubs and organizations and has served on several boards. Currently, he serves as a board member of The Industry Council for Tangible Assets, The National Silver Dollar Round Table and as Vice President of The American Numismatic Association.

On the Cover

This painting is a depiction of the naval battle between *USS Constitution* and *H.M.S. Guerriere* August 19, 1812, during the War of 1812. This was the battle that earned the *Constitution* her beloved nickname “Old Ironsides.” The painting is by Anton Otto Fischer, depicting Guerriere’s masts going over the side as Constitution rakes her from ahead (U.S. Naval Historical Center Photograph)

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Acknowledgement

This work is the culmination of research begun in 1976 as part of my Doctor of Philosophy program in Numismatics from the Union Institute and University in Cincinnati, Ohio. My professor in this endeavor was Dr. Douglas B. Ball. Dr. Ball graduated with an M.A. from Yale University, an M.B.A. at Columbia University, and a Ph.D. from the London School of Economics where he became an authority on Confederate currency. He later became vice-president of the numismatic auction house R.M. Smythe. My work with him while living in New York was the most intense and rigorous I have experienced and this book is, in part, dedicated to Douglas who died much too young in 2003.

It was my father, A.M. “Art” Kagin, who inspired me to elevate my numismatic scholarship by pursuing both a B.A. degree in Numismatics (which I received from Northwestern University in 1972) and a Ph.D. He was my first mentor, especially in my major work on pioneer gold and then in this work of the American Numismatic Association.

Another early mentor was Eric P. Newman, who encouraged and directed me to always “write something new”. Fred Reed gave me some good advice and additional insights when he edited an earlier adaptation of this work for the September/October 2005 issue of *Paper Money*. And *The Numismatist* editor, Barbara Gregory, did the same for me for the February, 2013 edition of that journal.

Others who have assisted me in the preparation of this work including providing images are Joel Anderson, Ron Benice, Ashley Billingsley, Michael Coltrane, Mary Counts, Arthur Friedberg, Ira Friedberg, Meredith Hilton, Judy Kagin, Christine Karstedt (Stack’s Bowers Galleries), David McCarthy, Doug Mudd, Jim O’Neil, *Paper Money* magazine for the 1812 Battle Plans, Bryan Stoughton, Caressa Suarez, Alan Weinberg, John and Nancy Wilson, Glen Wright, and Bill Youngerman.

And of course, Sara Goldiner and Candace DeMarco Kagin whose support enabled me to work on this reference.

Introduction

It is now clear that the first circulating currency issued by the United States were not the Demand Notes of 1861 as was commonly believed for decades, but the Treasury Notes of the War of 1812 printed in 1815—forty-six years earlier. Until fifteen years ago, reference works such as *The Comprehensive Catalog of U.S. Paper Money* by Gene Hessler and Carlson Chambliss and the *Standard Catalog of United States Paper Money* by Chester L. Krause and Robert F. Lemke relegated this important series to their appendices. And not until the sixteenth-edition published in 2001 did the standard reference, *Paper Money of the United States* by Arthur and Ira Friedberg even list them at all (and then in the back of the book!). Later editions moved this series to its appropriate place between Colonial Currency and The Demand Notes of 1861. But there is little doubt that ignoring this series for decades has contributed to their being under appreciated and undervalued for so long.

The War of 1812 triggered our nation's first severe financial crisis since the Revolution. Yet for the most part it is a forgotten conflict. Often called our nation's, "Second War of Independence", the conflict erupted after an extended disagreement with Great Britain over trade tariffs and their continued capturing and impressing of U.S. citizens for British maritime service, including prosecuting their war against France. The war lasted more than two years, and ended in something of a stalemate but did confirm American Independence.

These Treasury Notes significantly helped to provide a medium of exchange for our fledging nation during the most difficult part of the war and as such are among the most important currency ever provided by the United States.

A total of five issues between 1812 and 1815 totaling \$36 million in denominations of \$3 to \$1,000 were emitted. The notes proved to be extremely successful and were fully subscribed and accepted by banks and merchants.

First Treasury Notes Issues

Originally suggested in 1810 by then Secretary of Treasury Albert Gallatin, Treasury Notes as a resource for raising government revenues were first authorized by Congress on June 30, 1812. \$15,000,000 in denominations of \$100 and \$1,000 notes were authorized and by December 1812 and were fully subscribed by the banks. They bore interest at 5.4% or 1 ½ cents a day per \$100. Virtually all of these first issues were redeemed by 1814.

Subsequent issues followed a pattern in which Congress first attempted to raise funds by floating long-term loans and then making up the difference with the issue of Treasury Notes. Congress therefore authorized a second issue of \$5,000,000 in Treasury Notes on February 25, 1813.

The third issue of March 4, 1814 authorized another \$10,000,000 of Treasury Notes. Unlike the first two issues that only authorized \$100 and \$1,000 notes, this issue and the next included \$20 notes.

The fourth Treasury Note issue on December 2, 1814 approved an additional \$10,500,000 of Treasury Notes, but for the first time not all were fully subscribed (\$8,318,400). Only \$100 and \$20 notes are believed to have been printed. Most all of these first four issues were redeemed.

Issuance of Small Denomination Treasury Notes

With new loans and fiscal revenues far from adequate to prosecute the war, a new monetary expedient was necessary. Specifically, the Chairman of the House Ways and Means Committee argued for a circulating currency of “small” (under \$100) denominations payable to bearer, transferable by delivery and receivable in all payments for public lands and taxes.

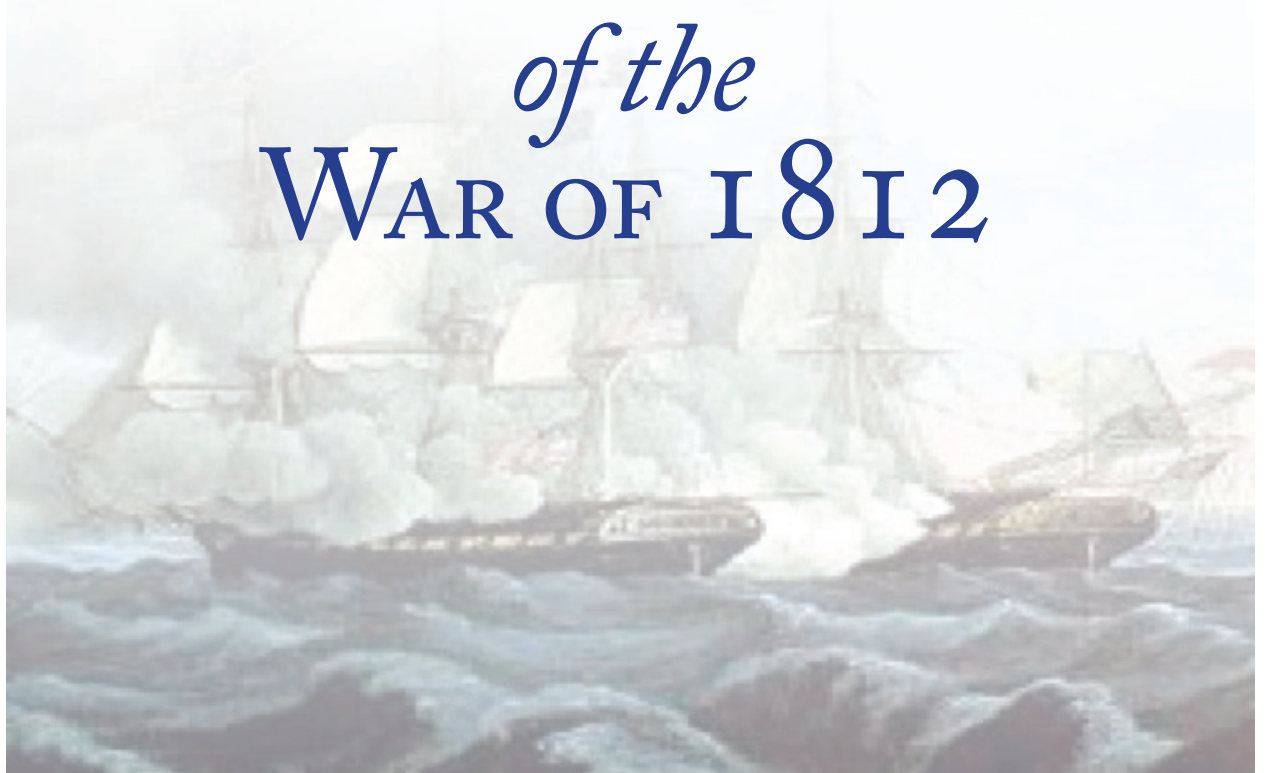
On February 24, 1815, Congress authorized \$25,000,000 of these small Treasury Notes. A few days later, the war ended and only \$4,969,400 of \$100 notes bearing interest at 5.4% and \$3,392,994 of the small \$50, \$20, \$10, \$5, and \$3 denominations were actually issued (although a total of \$9,070,386 worth were reissued). The latter bore no interest, thereby circulating as money.

The small notes were used to purchase goods and services by individuals, pay custom duties by merchants, and acted as cash reserves for banks, thus preventing them from being discounted. As a result, they became the first circulating currency by the United States.

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TREASURY NOTES *of the* WAR OF 1812



It may come as a surprise to some that the first paper money to circulate in the United States preceded the Demand Notes of 1861 by 46 years. Five U.S. Treasury note issues were authorized in 1815, occasioned by the expiration of the charter of the First Bank of the United States, the War of 1812, and the inability to finance the conflict solely on borrowed money. In total, over \$36 million in denominations from \$3 to \$1,000 were emitted. The last issue included “small,” circulating, non-interest-bearing notes in denominations of \$3 to \$50.

At the time, most state-chartered banks had suspended specie payments, and their notes were redeemable only at great discounts. Even the government was unable to withdraw its own deposited funds in money acceptable at par any distance from the issuing bank.¹ Because of the shortage of adequate circulating medium and revenue to conduct the War of 1812, the Treasury notes proved extremely useful, as they were transferable and receivable for duties, taxes and public use at par, plus accrued interest. They also served as interest-bearing reserves for banks, since they could be converted into any kind of money and bore interest.

The Treasury notes’ success was demonstrated by the fact that they were fully subscribed and accepted by banks and merchants. In addition, the small issues of 1815 indirectly served to increase the country’s circulating medium. They were used by individuals to buy goods and services and by merchants to pay customs duties, and they acted as cash reserves for banks, preventing bank notes from being discounted. Thus, they became the first circulating paper currency issued by the United States after the 1788 ratification of the Constitution.

¹ Forrest W. Daniels, “Small Treasury Notes of 1815” *Paper Money*, September/October, 2008, p. 323

TABLE 1
Major Foreign Loans to the U.S. (1782-1812)
 (Amounts in Dollars)

Year	Where From	Amount	Interest Rate
1787	Holland	\$10,000,000	6%
1789	France	\$18,000,000 (Livre)	5%
1790	Holland	\$1,200,000	5%
1791	Holland	\$1,000,000	5%
1791	Holland	\$2,400,000	5%
1791	Holland	\$1,200,000	5.5%
1793	Holland	\$5,000,000 (Guilders)	5%
1794	Holland	\$1,200,000	5%

Source: "Laws Concerning Money, Banking & Loans 1778-1909," *National Monetary Commission*, compiled by A.T. Huntington & Robert H. Mawhinney, (Washington D.C., Government Printing Office, 1910)

Pre-1812 Finance

From the adoption of the Constitution until the War of 1812, the U.S. government had financed its deficits by borrowing (Table 1). Until 1792, major loans were procured primarily from Holland or through funding operations, while temporary or small "bridge" loans (Table 2) were obtained from consortiums of prominent capitalists or from the four existing private banks, among them the Bank of North America and the Bank of New York.²

Almost all revenues, for whatever purpose, came largely from customs. Between 1801 and 1806, this amounted to \$11 to \$13 million annually, with a small supplemental income from the sale of lands, scanty funds with which to fight a world power like Britain.³

Until the financial emergencies occasioned by the War of 1812, the government was firmly committed to a hard-money policy. The Constitution gave Congress the power to "coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures."⁴ The question of paper money was vigorously debated in 1787 by members of the Constitutional Convention. Both a proposal for the inclusion of a provision authorizing its issue by the national government, and one prohibiting issue were defeated. The political thinking of the time, succinctly expressed by Virginia's U.S. Representative James Madison, was that the use of paper money might lead to mass abuse and proliferation, reminiscent of the vastly depreciated Continental Currency. (The original impetus for the issuance and use of the latter was to circumvent British laws forbidding the minting of coins by the colonies.) On the other hand, outright prohibition of paper currency would tie the government's hands in cases of temporary emergency. The Constitution therefore resolved the dilemma by specifying nothing. It did, however, proscribe the issuance of "bills of credit" by the states and, by implication, the federal government.

² Laws of the United States Concerning Money, Banking, Loans, 1778-1909, National Monetary Commission, compiled by Andrew T. Huntington and Robert J. Mawhinney, Doc. No. 480, Senate-61st Congress, 2nd Session (Washington, D.C., 1910). pp. 29-43.

³ Albert Gallatin, "Report of the Finances 1807" Reports of the Secretary of the Treasury of the United States, Vol. I (Washington, D.C., 1837), p. 359, and A. J. Dallas, "Report of the Finances 1815" Reports, 2:45.

⁴ Foreign coins officially circulated from 1793 until 1797, when a new law declared that only "Spanish milled dollars and parts thereto" were legal tender. This statute remained in effect until 1857.

TABLE 2
Temporary Bridge Loans
 (Amounts in Dollars)

Year	Where From	Amount	Purpose
1789	Bank of New York	\$170,000.00	Troop Salaries
1790	Bank of New York	\$100,000.00	Troop Salaries
1790	Stock @ 6%, 3% Deferred 6%	Indefinite	Fund Debt
1792	Bank of the United States	\$400,000.00	General Expenses
1793	Bank of the United States	\$800,000 @5%	General Expenses
1793	Bank of New York	\$200,000 @5%	Algerian War
1794	Bank of the United States	\$1,000,000@5%	Algerian War
1794	Bank of the United States	\$1,000,000@5%	Public Expenditures
1795	Bank of the United States	\$2,000,000@5%	General Commerce
1795	Bank of the United States	\$1,500,000@6%	Public Debt
1795	Bank of the United States	\$200,000 @6%	Public Debt
1795	Stock @4-1/4% & 5-1/2%	Indefinite	Pay Foreign Debt
1796	Bank of New York	\$320,000@6%	Pay Bank of U.S.
1796	Bank of New York	\$5,000,000@6%	Pay Bank of U.S.
1797	Bank of New York	\$717,000.00	War
1800	Bank of the United States	\$1,500,000@8%	War
1803	Bank of New York	\$11,250,000.00	Louisiana Purchase
1803	Bank of the United States	\$1,750,000.00	Louisiana Purchase
1804	Bank of the United States	\$1,000,000.00	Pay Barbary Pirates
1807	Converted old 3% & 6% Stock	\$8,500,000.00	Public Debt
1810	Bank of the United States	\$2,750,000.00	General Expenditures

Source: Laws, op cit.

The Bank of the United States

As Secretary of the Treasury under President George Washington, Alexander Hamilton proposed to Congress in 1790 a “financial institution to develop the national resources, strengthen the national credit, aid the Treasury Department in its administration and provide a secure and sound circulating medium for the people.”⁵ This national bank would supersede local and state banks and was necessary, Hamilton argued, to collect taxes and administer public finance, and provide a source of loans to the Treasury.

Opponents, led by Secretary of State Thomas Jefferson and his Democratic allies, warned of potential abuse, stating that the bank was not provided for in the Constitution, would destroy free institutions and would benefit only a few. Nevertheless, the Hamiltonian Federalists’ view prevailed, and on February 25, 1791, the First Bank of the United States was established and granted a 20-year charter. Shares of stock were sold to fund the bank, with almost 75 percent going to British interests.

Once established, this institution became the primary lender of short-term funds to the government (although a few small loans at high rates were sold directly to the public during this period). The bank offered many advantages, including the safe-keeping of public monies; the

⁵ Daniels, p. 316 citing J.N. Larned, History For Ready Reference, Vol. 3 (Springfield, 1901) p. 2257.

War of 1812 at a Glance

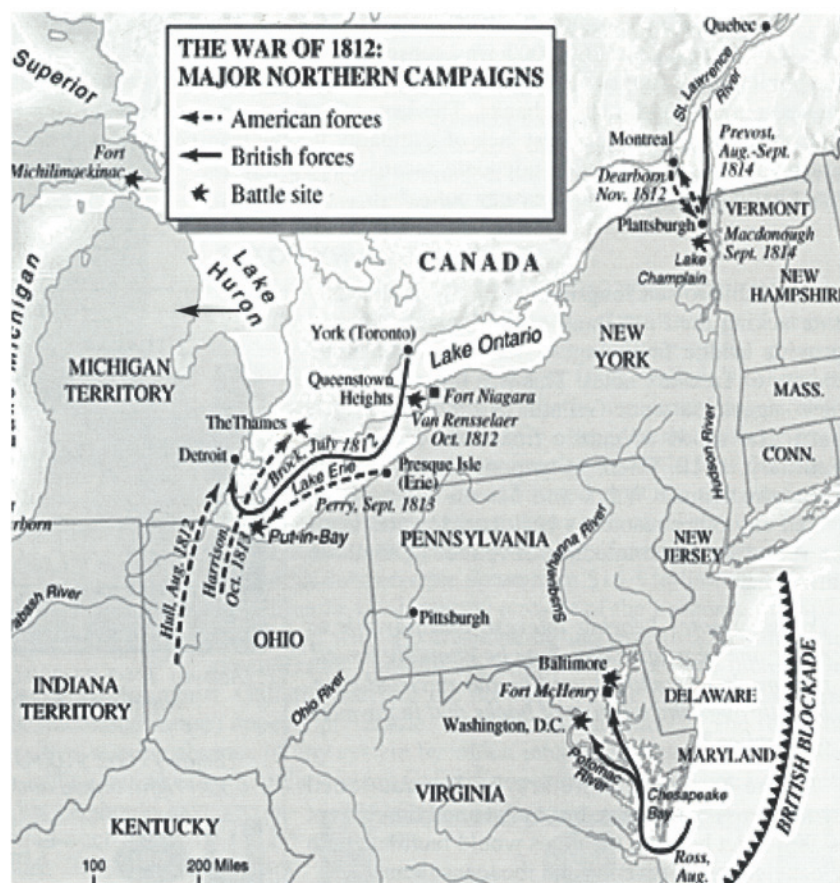
War of 1812 Timeline

June 18	America declares war against the British. This war is known as "Mr. Madison's War" or the "Second American Revolution"
August 16	U.S. loses Ft. Mackinac as British invade U.S. Territory
1812	U.S. makes three attempts to invade Canada. All fail.
1812	USS Constitution (Old Ironsides) bests HMS Guerriere. (See Front Cover)
1813	
January	Battle of Frenchtown. British & Indian allies repel Kentucky troops. American survivors slain at Raisin River Massacre
April	Battle of York (Toronto). U.S. takes control of Great Lakes and burn York.
September	Battle of Lake Erie. U.S. under Captain Perry defeat a British naval attack.
October	Battle of Thames (Ontario, Canada). Tecumseh killed in U.S. victory.
1814	
March 27	Battle of Horseshoe Bend (Miss. Terr.). Andrew Jackson defeats Creek Indians.
1814	The British plan 3-part invasion: Chesapeake Bay, Lake Champlain & the mouth of Mississippi River. British turned back at Baltimore.
Aug 24-25	British burn Washington D.C. Madison flees White House.
September	Battle of Plattsburgh (Lake Champlain). U.S. secures it northern border with victory over a larger British force.
Dec 15	Hartford Convention occurs. Federalists discuss secession & propose 7 amendments to protect influence of NE States.
Dec 25	Treaty of Ghent. British and American diplomats agree to return to pre-war status quo.
1815	
January	Battle of New Orleans. Andy Jackson scores major victory, 700 British killed, 1400 wounded. U.S. only loses 8 soldiers.

THE WAR OF 1812 IS ONE OF THE FORGOTTEN CONFLICTS OF UNITED STATES HISTORY. Although it lasted more than two years and ended in something of a stalemate, historians point out its prime significance as being "a war that once and for all confirmed American Independence."

The United States failed to capture Canada. The British were successfully stopped when they attempted to capture Baltimore and New Orleans, but they invaded and burned significant parts of Washington D.C. before withdrawing. American naval vessels proved themselves superior to British vessels.

The war resulted from long simmering disputes with Great Britain, the central issue being impressment of approximately 10,000 Americans by the British during the decade before the war. At the President's request, Congress declared War on Great Britain June 18, 1812. The British had previously attacked the *USS Chesapeake* and nearly caused a war two years earlier. In addition, disputes continued with Great Britain over the Northwest Territories and the border with Canada. Also attempts by Great Britain to blockade France during the Napoleonic Wars cause conflict with the United States.



Oliver Perry

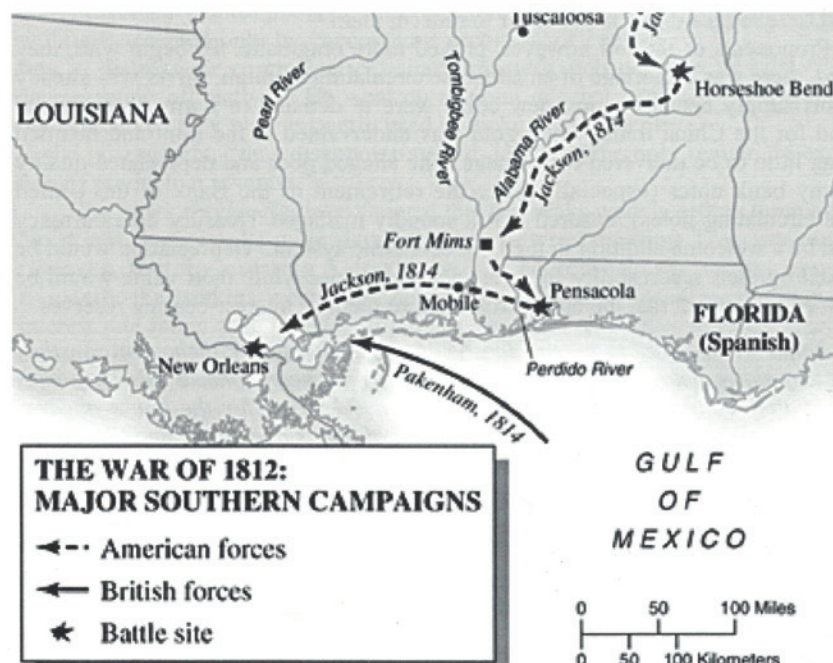
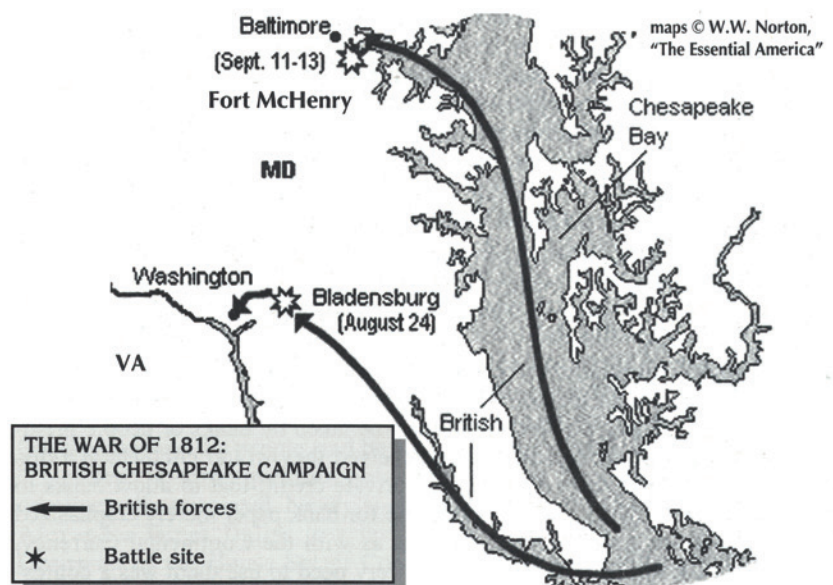


Stephen Decatur



Isaac Hull

War of 1812 at a Glance



War of 1812 Snapshots

Gold Medals Awarded

Jan. 29, 1813	2 Stat. 830
Captain Isaac Hull, Captain Stephen Decatur, and Captain Jacob Jones	
March 3, 1813	2 Stat. 831
Captain William Bainbridge	
Jan. 6, 1814	3 Stat. 141-142
Captain Oliver Hazard Perry, Captain Jesse D. Elliott, Lieutenant William Burrows and LT Edward McCall	
Jan. 11, 1814	3 Stat. 142
Captain James Lawrence	
October 20, 1814	3 Stat. 246
Captain Lewis Warrington	
November 3, 1814	3 Stat. 246-247
Captain Johnson Blakely, Major General Jacob Brown, Major General Winfield Scott, Brigadier General Eleazar W. Ripley, Brigadier General James Miller, Major General Peter B. Porter, Major General Edmund P. Gaines, Major General Alexander Macomb	
February 27, 1815	3 Stat. 249
Major General Andrew Jackson	
February 22, 1816	3 Stat. 341
Captain Charles Stewart, and Captain James Biddle	
April 4, 1818	3 Stat. 476
Major General William Henry Harrison and Governor Isaac Shelby	
Feb. 13, 1835	4 Stat. 792
Colonel George Croghan	

Burning of Washington, D.C.

August 24, 1814, was a "bad day" for Washington, D.C. The U.S. was at war with England again. Rear Admiral Sir George Cockburn invaded Washington, defeated the city's defenders at Bladensburg, MD, and marched to the Capitol.

He set the building on fire and then marched to burn the President's House. In between he burned the Library of Congress, the Navy Yard, and the War and Treasury Departments, before putting the President's House to the torch.

President James Madison and his wife Dolley escaped to Virginia. The repainted President's House was soon given a new name: "White House."

The Star Spangled Banner

Beginning at dawn September 13, 1814, British warships bombarded Fort McHenry guarding Baltimore continuously for 25 hours under heavy rain. Francis Scott Key, a Washington lawyer, witnessed the bombardment from a nearby truce ship. An oversized American flag flew over the fort. When Key saw the American flag flying still intact in the dawn of September 14, he composed the poem "The Defence of Fort McHenry," which would be renamed "The Star Spangled Banner" and become America's national anthem.

Of course, it begins with the lyrics, "O say can you see by the dawn's early light." Its popularity took time, a century in fact. The song only became the official national anthem by executive order of President Woodrow Wilson in 1916, and his order was not confirmed by an Act of Congress until 1931.



The Bank of New York (shown here in a 1922 photograph) floated temporary loans to the U.S. government in the late 18th and 19th centuries (Library of Congress photo)

instantaneous transmission of public monies anywhere in the nation; an increase in circulation to facilitate the collection of revenues; the providing of loans to the U.S. government; and the ability to issue notes payable in gold or silver at the bank. Although not accorded legal-tender status, these notes were even receivable for all payments to the U.S. government.⁶

Gallatin's Policy

During the Republican administrations of Thomas Jefferson and James Madison, the architect of the government's fiscal system was Treasury Secretary Albert Gallatin. His major objective was the reduction of the national debt to the exclusion of all other considerations. Prior to 1808, Gallatin declined to augment Treasury receipts except by temporary loans, even though a year later he belatedly conceded the possible need for internal taxes.⁷ It was not until early 1812 that Gallatin's optimism waned, and he intimated that the extraordinary, impending expenses of military and naval services would require funds in excess of current revenue.⁸

With duty revenue down from \$13.3 million in 1811 to \$9 million in 1812 (mainly a result of the Embargo Act of 1807, which prevented trade with the warring nations of France and Great Britain and ensured U.S. neutrality), and a corresponding increase in expenditures to \$22 million, Gallatin suggested a 100-percent tariff increase. He justified the proposal on the grounds that "this mode [increased duties] appears preferable...to any internal tax."⁹ The result of this fiscal policy was the absence of any system by which internal revenues could be collected. Gallatin conceded his error in 1831, when he admitted that he should have recommended such taxes in 1812.¹⁰ Acting upon the Treasury Secretary's recommendation, Congress doubled tariff duties.

The First Bank's End

Meanwhile, opponents of the First Bank of the United States had gathered more Congressional allies. One of their main concerns was the high interest rates being paid to foreign stockholders (mainly British). When the bank's charter came up for renewal in 1811, opponents had the necessary votes to defeat it. Additionally, since the foreign shareholders of the bank were paid off in specie, little precious-metal coinage remained in America. Unfortunately, the bank's demise could not have come at a worse time, as the renewed hostilities with Great Britain had reached a climax.

⁶ Larned, p. 2258

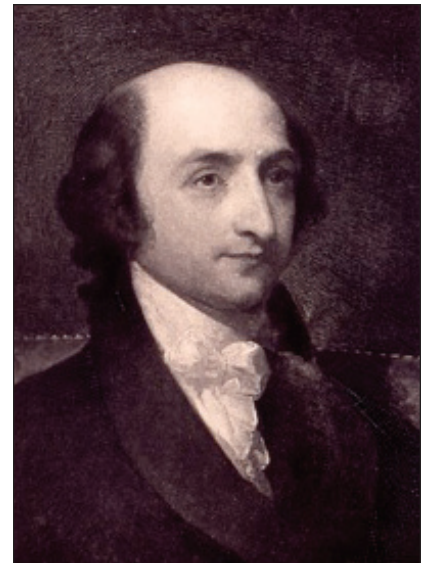
⁷ Alexander Balinký, *Albert Gallatin, Fiscal Theories and Policies* (New Brunswick, 1958), pp. 180-188 and Albert Gallatin, "Report of the Finances 1809" Reports, p. 401. Also see "Report of the Finances 1811" Reports, p. 449.

⁸ Idem., "Report of the Secretary of the Treasury, 1811" Reports, p. 449. Also in the *Niles' Weekly Register*, November 22, 1811 (Washington, D.C.), 2:232. In a letter to the Chairman of the House Ways and Means Committee, Ezekiel Bacon, Gallatin blames the poor state of the finance on the failure of Congress to recharter the Bank of the United States, upon which he had relied heavily for the U.S. Government to obtain loans, and also for the Legislature's refusal to double the tariff. Albert Gallatin, "Letter to Ezekiel Bacon, January 10, 1812" *The Writings of Albert Gallatin*, ed. Henry Adams, (New York, 1960), Vol. I, pp. 338-340.

⁹ Ibid. p. 448.

¹⁰ Albert Gallatin, *The Writings of Albert Gallatin*, ed. Henry Adams, 4 Vols. (Philadelphia, 1879), Vol. III, p. 5.

Britain was already involved in a war with France, and its seamen routinely boarded U.S. merchant ships, ostensibly looking for deserters or military supplies. They then would impress American sailors into service in the British navy. Negotiations with Britain to halt this abuse and its blockades of American ports were futile, and on June 18, 1812, President James Madison signed Congress' declaration of war against Great Britain.



Throughout the war, James Madison (left) occupied the White House. Albert Gallatin (right) served as Secretary of the U.S. Treasury until February 8, 1814. His primary focus was reduction of the national debt.

Ironically, 11 days later, but before the news reached England, the British government revoked the Orders in Council, which were the basis for impressing the American sailors. Presumably, that action would have permitted resumption of trade, and indeed, immediately after its passage, large quantities of British merchandise were shipped to the United States. On arrival, those goods produced duty income to America of about \$5 million, an unexpected windfall at the beginning of the conflict.¹¹ Meanwhile, in anticipation of the war, and because of the necessity of using specie or precious-metal currency to pay for imports, coinage was hoarded and local bank notes (which had grown dramatically with the closure of the First Bank of the United States) were substantially discounted.

Congressional War Loans

Four months before war was declared, and with no national or central bank, the House Ways and Means Committee realized that doubling the tariff would not yield enough revenue and thus proposed an \$11 million loan. It was approved by a large majority in both Houses of Congress on March 14, 1812.¹²

There is some disagreement as to the success of this loan. While only \$600,000 was subscribed to by the public in the first two months, by the end of the year \$8.1 million had been purchased mainly by the larger banks. The lack of enthusiasm for funded loans arose from New England's manifest lack of sympathy for the war (against their primary trading partner, Great Britain), coupled with Congress' failure to provide adequate means to pay interest. Had taxes been authorized as a way of repaying any loans, they might have been better received. By the end of the war, discounts on the loans, necessitated to entice their purchase, cost the nation \$80 million, plus interest for the nearly \$34 million of hard money received (Table 3).¹³ As such, Gallatin was practically forced to issue Treasury notes.¹⁴

¹¹ Daniels, p. 325.

¹² Ezekiel Bacon, "Ways and Means Report of House, February 17, 1812," American State Papers, Finance, U.S. Congress, ed. Walter Lowrie, (Washington, D.C., 1832), Vol. II, p. 539.

¹³ Daniels, p. 324.

¹⁴ Rafael A. Bayley, National Loans of the United States from July 14, 1776 to June 30, 1880 (Washington, D.C., 1882), p. 48, and Henry Carter Adams, Public Debts: An Essay in the Science of Finance (New York; privately printed, 1887), pp. 117-118.

TABLE 3
War of 1812 Loans
(Amounts in Millions of Dollars)

Issue Date	Authorized Amount	Amount Sold	Authorized Rate	Rate Sold	Retroactive Discount Clause
March 14, 1812	11.0	11.0*	6%	Par	No
February 8, 1813	16.0	16.0**	6%	88-1/3%	No
August 2, 1813	735.0	7.5	6%	88-1/4%	No
March 24, 1814	25.0	16.0	6%	80-85%***	Yes
November 15, 1814	3.0	1.5	No Limit	Special Contract	Yes
December 26, 1814	10.0			95%	Yes
February 24, 1815	15.0		7%	95%****	Yes
March 3, 1815	18.46	12.49	6%	95%-Par	Yes

1. Researcher Forest Daniels referred to an Act of March 2, 1811 which authorized a loan of \$5 Million, citing A.T. Huntington and Robert J. Mawhinney, Compilers, Laws of the United States, Concerning Money, Banking, and Loans, 1778-1909 (Washington, 1910), pp. 73-74. But Daniels surmises that with the closing of the Bank of the United States, there was evidently no money left to be subscribed for the loan.

*\$8,134,700 were sold at par and an additional \$2,150,000 was sold on contract at various maturity dates.

**\$15,468,800 was received at the discounted rate. An additional \$531,200 was sold at par but with an additional 1 1/2% annuity. Half of the loan was subscribed by financiers David Parish and Stephen Girard and John Jacob Astor another \$2,056,000. Small amounts of the stock were redeemed in 1817 and 1819. Limited amounts of the Loan were redeemed earlier than the stated period by exchange for other loans. Daniels p. 333, citing Bayley, p. 125

***There were some buyer's restrictions on some of the subscriptions caused by the dire conditions resulting from the British invasion. Six Philadelphia banks subscribed to \$250,000 providing the funds only be used for the defense on the city.

Seven banks in Baltimore purchased \$675,000 on the same terms. New York City subscribed to \$1,100,009.87 on condition that the money be expended for fortifications, supplies and necessities there. The last of the stock was redeemed in 1834. Daniels, p. 334 citing DeKnight, pp. 48, 49; Bayley, 128.

****The initial printing of Large Notes (\$100) was \$4,969,400 and Small Notes of \$3,392,994 consisting of 14,868 \$3 notes, 28,176 of \$5 notes, 36,811 of \$10 notes and 47,988 \$50s. Domestic Letter, 1814-1816" Source: Rafael A. Bayley, National Loans of the United States from July 14, 1776 to June 30, 1880 (Washington D.C., 1882)

The First Treasury Notes

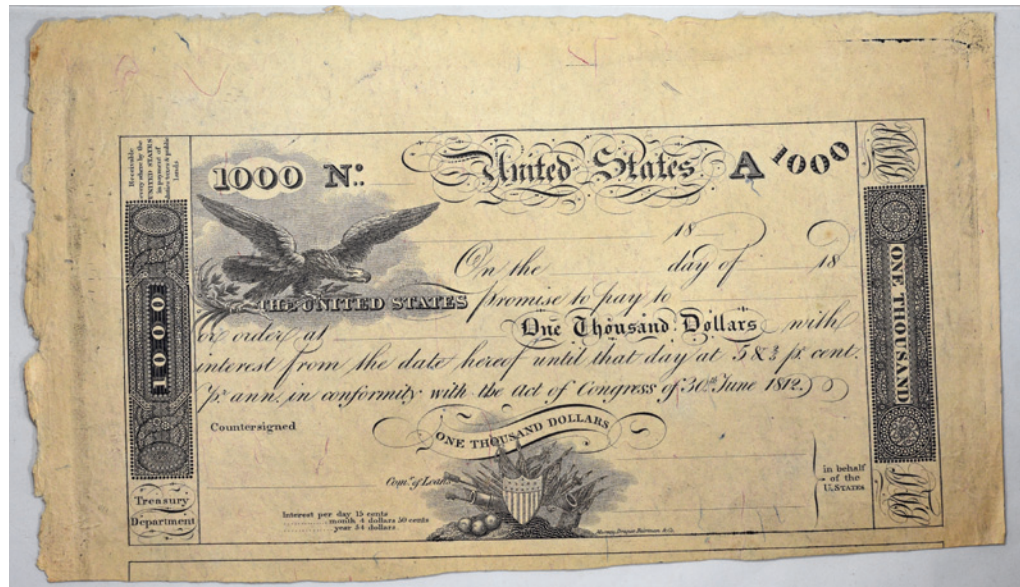
Unable to sell long-term debt advantageously and without the Bank of the United States to provide temporary financing, Gallatin recommended the use of Treasury notes. This was not altogether a new suggestion, since he had mentioned that particular mode of public financing as early as February 1810. Then, in response to the House Ways and Means Committee's inquiry ("Can any other resources besides taxes and loans be relied on for immediate revenue?"), Gallatin answered:

*Treasury notes bearing interest, and payable to order one year after day, may be annually issued, to a moderate amount, and be put in circulation, both through the medium of banks and in payment of supplies.*¹⁵

The Treasury Secretary further cautioned against possible abuses, but maintained that if kept within strict bounds, the notes would facilitate both the collection of revenue and the loans themselves. In a January 1812 letter to House Ways and Means Chairman Ezekiel Bacon of Massachusetts, Gallatin repeated his willingness to rely on them in some capacity:

*Treasury notes, bearing interest, might to a certain extent be issued, and to that extent diminish the amount to be directly borrowed. The advantage they would have would result from their becoming a part of the circulating medium, and taking, to a certain degree, the place of bank-notes.*¹⁶

The First Issue of Treasury Notes, authorized on June 30, 1812, was to be denominated from \$100 to \$1,000. Ultimately however, only \$100 and \$1,000 notes were printed. This \$1,000 “remainder” note is not signed and, like all Treasury notes of this period, is blank on the back. Red and Blue fibers imbedded in the paper served as anti-counterfeiting devices. Not Actual Size.



This was the first statement by a U.S. Secretary of the Treasury in favor of a federal currency (that is, the circulating Treasury notes).

Within six months, Gallatin realized the Treasury was in deep trouble and urged the House Ways and Means Committee to authorize \$5 million in 5.4-percent-interest Treasury notes payable one year after their date of issue. To enhance their acceptability, he proposed that the notes be accepted by the Treasury for all duties, taxes or debts due the government.¹⁷ In a later message, he further recommended that the notes be fundable into bonds of the loan for which they were intended to be a partial substitute. This would have the double advantage of helping sell bonds while keeping the issue of the notes within bounds.

Congressional Debate

A bill embodying these ideas was duly reported out of the House Ways and Means Committee on June 12, 1812, where a heated debate ensued. Niles' Weekly Register reported that the controversy over the Treasury notes was the highlight of the legislative session.¹⁸

The bill's opponents voiced every possible argument against the use of paper money. They claimed the notes were not equal in value to gold or silver and therefore would not be accepted by banks or people prejudiced against the government paper. They stated that, if received, the notes would circulate at a discount, further subverting public and private credit, and would, like the Continental Currency, greatly depreciate.¹⁹ The very need to use paper money was, the opponents felt, a confession of impending bankruptcy. If such notes had to be issued, a direct tax should be imposed upon their redemption.²⁰

15 Albert Gallatin, "Letter to John W. Eppes, February 25, 1810" Writings, II: pp. 467-468.

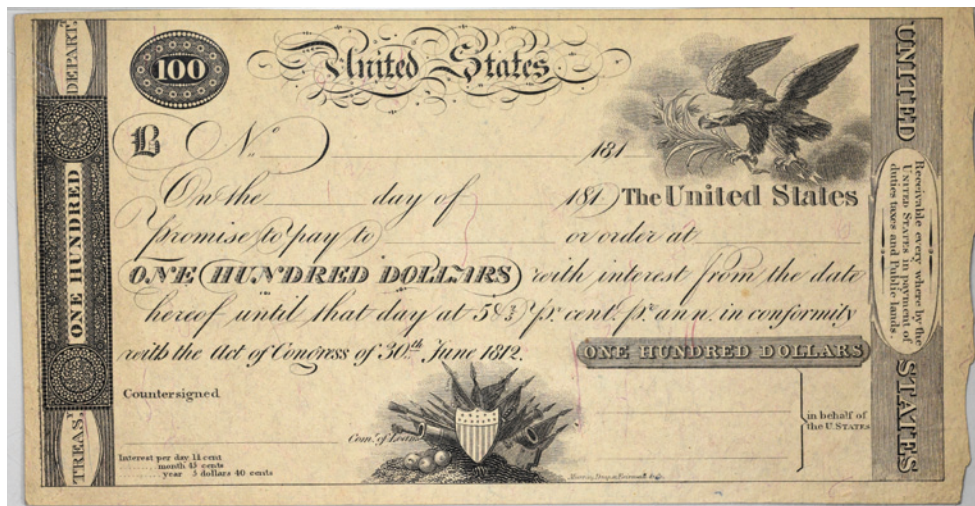
16 Idem., "Letter to Ezekiel Bacon, January 10, 1812" Writing, U: 501. Also in Letter from the Chairman of the Committee of Ways and Means to the Secretary of the Treasury with the Answer of the Secretary of the Treasury (Alexandria, 1812), p. 14. Rare Book Room, National Archives, Washington, D.C.

17 Letter to Langdon Cheves, May 14, 1812, cited by John J. Knox, United States Notes (New York: Charles Scribner's Sons, 1848) p. 22.

18 The Niles' Weekly Register, June 15, 1812, 2:279.

19 Continental Currency was first issued by the Continental Congress in 1775 (although Colonial currency - indeed, all Western World currency - commenced in Massachusetts Bay Colony in 1690) in order to pay for the Revolutionary War effort. As the war dragged on, millions of dollars were printed without regard to how to back them with either levies or taxation. By mid 1781, they were virtually worthless.

20 Annals of the Congress of the United States 12th Congress, 1st Session, Vol. 1 (Washington, D.C., 1853) p. 1495-1510.



\$100 Remainder Note, issued in accordance with the Act of June 30, 1812, bears the plate letter "B". Not Actual Size.

Proponents of the bill, however, were more pragmatic. To begin with, they argued, there was a shortage of circulating medium. Silver was already in limited supply because shiny new coins were in demand in Latin America and abroad for the China trade, while gold was undervalued at the Mint and hoarded, leaving little to be delivered for coinage. The alleged poor and depreciated quality of many bank notes (especially since the retirement of the Bank of the United States' circulating notes) ensured that a soundly managed Treasury note currency would be a welcome addition to the U.S. economic system. Depreciation would be checked by their acceptance for taxes and public use, while their value would be sustained by the fact that the banks would hoard them as interest-bearing reserves.²¹

Representative William W. Bibb of Georgia, a Treasury bill proponent, responded to the objection that the proposed notes were similar to the heavily depreciated Continental Currency. He pointed out that the latter bore no interest and, what became perhaps the most important reason for the Treasury notes' success, that there was a pledge to redeem the bank notes by a certain date.²²

The positive arguments prevailed, aided by the inability of the opposition to fill the Treasury by any other means, and the bill authorizing \$5 million in Treasury notes passed the House of Representatives on June 17, 1812, by a vote of 85 to 41.²³ Final enactment of the bill came on June 30, 1812, nearly 12 days after war was declared.

Terms & Success

The notes which conformed to Gallatin's proposal, were to be issued in denominations of \$100 or more (although, as mentioned earlier, only \$100 and \$1,000 notes which conformed to Gallatin's proposals, were actually issued). They were redeemable one year after issue at 5.4 percent, or 1-1/2 cents per day per \$100. All the notes were payable to order, transferable on endorsement, and, more importantly, receivable for duties, taxes and payments for public lands at par, plus accrued interest.²⁴

21 Ibid. p.1494 Congressman McKim retorted that the "Treasury Notes....will be to the banker so much more valuable than specie, as the amount of interest that will accrue on them while lying in his vaults." Also *The Niles' Weekly Register*, June 13, 1812, 3:300.

22 A provision of the Treasury note law charged the Commissioner of the Sinking Fund to pay the principal and interest of the notes when they became due. Proponents could argue that in effect the government was just borrowing money by loan rather than issuing paper money for circulation.

23 Ibid., pp. 1509-1510.

24 Bayley, *National Loans*, pp. 48-49. Other major elements provided that 1) the notes were signed by persons designated by the President who were paid \$1.25 for every note signed, 2) they were countersigned by the Comptroller of Loans for the state for which the notes were made payable, 3) the Secretary of the Treasury was authorized to borrow upon the security of the notes and pay them to the banks which would receive them at par, 4) interest ceased on the day of payment, and 5) strict penalties were imposed for counterfeiting.

The first issue of Treasury notes was quite successful. By the end of 1812, \$3.5 million had been sold to, or were contracted by, the banks, the majority of which were located in the Middle Atlantic States.²⁵ The rest of the bills were disposed of by December 1 of the following year, with New England absorbing a considerable portion of them. All notes, except for a few \$100s, were redeemed by the end of 1814 and withdrawn from circulation.²⁶ Although the initial shock of the war had temporarily depressed the prices of public bonds during late 1812, the new loans and Treasury notes sold at par.²⁷

An editorial in the *Niles' Weekly Register* touted the new notes by stating, "This plan appears the most eligible that could possibly have been adopted, as it will mutually accommodate the Government and the people, and be advantageous to both."²⁸ There is some question, however, whether these first notes actually circulated. Newly appointed Treasury Secretary Alexander James Dallas, in a letter to William Lowndes, chairman of the House Select Committee investigating the chartering of the Second Bank of the United States, reported that the Treasury notes had met with opposition and had been willingly accepted only by "necessitous creditors, or contractors in distress, or commissaries, quartermasters, and navy agents acting officially."²⁹ He went on to state that even when received, they were instantly used to make tax payments to the government, "thus disappointing and defeating the only remaining expectation of productive revenue."³⁰

Niles' Weekly Register claimed that the banks were hoarding these notes.³¹ No doubt they were using the new interest-bearing Treasury notes as reserves, thereby creating a corresponding increase in the money supply.³² Evidently, the bankers were quite content to collect the rather generous 5.4-percent interest rather than circulate the notes. In either case, the notes did not freely circulate hand-to-hand, which was scarcely surprising in view of the high denominations involved, the transfer-by-endorsement-only rule, and their utility as bank reserves.

New War Loans

By the beginning of 1813, it became apparent that the war-loan policy was hopelessly inadequate.³³ With expenditures running \$28.5 million more than receipts, new revenues were urgently needed. Yet, it was not until the middle of the year that Congress took any new steps to meet the Treasury's expenditures. Even President Madison refused to confront the problem and, in an incredibly myopic statement, proclaimed that the Treasury receipts up to September 1812 were "sufficient to defray all the demands of the Treasury...and will enable us to defray all the expenses of this year."³⁴

25 The *Niles' Weekly Register*, 3:350. Also see *Richmond Inquirer*, February 16, 1814, 2:2. The Treasury Reports, however, state that only \$2.8 million were subscribed to by 1813. Davis R. Dewey, *Financial History of the United States* (New York, 1968), p. 137.

26 *Register of Treasury Notes*, Vol. 189, Record Group 53, National Archives (Washington, D.C.). Breen erroneously claims March 1813 as the final date of redemption.

27 Albert Gallatin, "State of Finance, December 1812" *Finance*, II:580.

28 The *Niles' Weekly Register* (July 4, 1812), 3:300. It should be noted that, as Walter Breen pointed out, the *Register* had a bias toward Wall Street. Walter Breen, "Promises, Promises," *Numismatic News Weekly*, January 1, 1974.

29 A. J. Dallas, "Letter to William Lowndes, November 27, 1814" *Reports*, 1:244.

30 *Ibid.*

31 The *Niles' Weekly Register* (July 4, 1812), 3:300.

32 Richard H. Timberlake, *Origins of Central Banking in the United States* (Cambridge, Massachusetts, 1978). Drawing upon statistical information compiled from J. Van Fenstermaker, *A Statistical Summary of the Commercial Banks Incorporated in the United States Prior to 1890* (Kent, Ohio, 1965), Timberlake concluded that "as banks increased their holdings of treasury notes, their own note issues could increase by multiples of the Treasury notes obtained. Bank notes were thus used as hand-to-hand currency, and the Treasury notes were used mainly as bank reserves in lieu of specie."

33 "Receipts and Expenditures, from March 4, 1789 to December 15, 1815" *Finance*, 11:920.

34 James Madison, "Fourth Annual Message, November 4, 1812," *Compilation of Messages and Papers of the Presidents 1789-1897*, Vol. 1.



Treasury Secretary Alexander Hamilton and Secretary of State Thomas Jefferson were early adversaries for the establishment of the Bank of the United States.

Instead of immediately implementing new tax programs, Congress, following Treasury Secretary Gallatin's monetary suggestions, authorized a new loan of \$16 million on February 8, 1813. Realizing that the bonds might be difficult to sell, Congress left the rate of interest and the sales price to the Secretary's discretion.

The resistance to this new loan was all but total. Even in Congress it was energetically attacked on the grounds that no special fund had been set apart for its repayment and that the war, for which great expenses were to be incurred, should never have been declared in the

first place.³⁵ Subscribers not only were quick to realize there was no redemption fund, but also that the war was going badly and could worsen if the British finished off Napoleon and directed their efforts at America. Moreover, Gallatin—frustrated with Congressional reluctance to follow his recommendations, disgusted with the open antagonism displayed by members of his own party, and sensing it was too late to make the necessary fiscal amends—took a diplomatic “leave of absence,” thereby abandoning a Treasury mired in confusion.³⁶

When the new loan was offered on March 12 and again on March 25, 1813, only \$500,000 was subscribed to in the same terms (6 percent) as the previous loans.³⁷ Accordingly, the government was compelled to sell the rest of the loan stock at a 12-percent discount. Even more embarrassing, the Treasury was forced to make the same 12-percent concession retroactively to those who had earlier purchased loans at par, such as Stephen Girard, David Parish and John Jacob Astor, all allegedly front men for foreign investors, such as Nathan Rothschild.³⁸

Second Issue

The difficulties of floating the \$16 million loan, along with the necessity of borrowing an additional \$19 million, forced another issue of Treasury notes. As suggested by Gallatin in December 1812, Congress authorized the issue of \$5 million in new Treasury notes to replace those of June 1812.³⁹ The Congressional debate was as acrid as before, with the bill passing the House 79 to 41.⁴⁰ The notes were dated February 25, 1813.

The terms of issue were identical to the preceding notes, with the exception that they were to be redeemed by March 31, 1815, although the last payment was not made until the fourth quarter of 1820.⁴¹ Thus, by Summer 1813, the pattern of financing the war had been set: Congress would

35 Bayley, *National Loans*, p. 50.

36 Gallatin, *Writings*, p. 196. President Madison sent Gallatin (who refused to resign as Treasury Secretary until 1814) to St. Petersburg, Russia, to represent the U.S. in mediation talks with Britain. Negotiations, however, did not commence until August 7, 1814 and an agreement not finalized until December 14th. Daniels, p. 326 citing J.N. Larned, *History For Ready Reference*, Vol. 3 (Springfield, 1901) pp. 225-227.

37 William Jones, “State of Finance, June 1813” *Finances*, II: 1622-23.

38 Bayley, *National Loans*, p. 50.

39 Albert Gallatin, “Report of the Secretary of the Treasury, December 11, 1812” *Reports*, p. 469.

40 Bayley, *National Loans*, p. 50.

41 W. F. DeKnight, *History of the Currency of the Country and the Loans of the United States* (Washington, D.C., 1897), p. 47. Other minor provision changes included the Register of the Treasury being authorized to issue and receive notes in Washington, D.C. and the ability of the Treasury Secretary to appoint commission agents to sell the notes.

raise as “much as it could” in long-term loans and make up the difference by issuing Treasury notes. At the same time, nothing had been done to support this mass of floating currency, which now approached \$10 million, a sum equal to one year’s peacetime revenue.

Internal Taxes

It was at this time that Congress was compelled to consider internal taxes. On May 24, 1813, a full year after the outbreak of war, President Madison called a recalcitrant Congress into special session and told it that the time was long past due for producing a “well-digested system of internal revenue.”⁴² Spurred by the President’s remonstrations and reluctantly recognizing the impossibility of raising all needed funds by borrowing, Congress halfheartedly passed a few direct levies. A direct tax of \$3 million was apportioned to the several states on a pro rata basis.⁴³ The tax was levied on plots of land including their improvements and slaves. The individual states were responsible for assessing, collection and remitting the tax. A 15% discount was allowed to a state if the tax was remitted before February 10, 1814, or 10% if paid by May 1.⁴⁴

There were however, serious problems associated with collecting this revenue. As Gallatin had dismantled all the internal revenue machinery in 1801-1806, it took a year to collect even the small, inadequate amount legislated. Nor could the Treasury get any bridge financing in the interim. Anti-war proponents, especially in New England, balked at every effort to get them to help. Indeed, the Federalist New England press declared that no true friend of the country would be found among the subscribers to such loans. Opposition was so great that advertisements for war bonds in Boston papers had to promise anonymity to would-be subscribers.⁴⁵

More Loans

The government’s finances had so deteriorated by June 1813 that Acting Secretary of the Treasury William Jones was compelled to ask Congress for an additional loan. He indicated that the circulation of Treasury notes was at its limit and wanted to wait until earlier ones were redeemed before releasing new issues. Congress authorized an additional loan of \$7.5 million in August; inevitably, the notes were discounted 11.75 percent to make them more attractive to buyers.

By the end of 1813, government finances were in poor shape. Anti-war sentiments chilled bond sales, as did Congress’ reluctance to provide revenue as backing. Moreover, the banks were either unable or unwilling to lend. Thus, the Treasury was compelled to issue even more notes.⁴⁶



German-American fur trader, merchant and financier, **John Jacob Astor** (left) and foreign investor, banker and financier, **Nathan Rothschild** (right).

42 Messages and Papers of the Presidents, pp. 528-530. The direct tax amounted to \$3 million and was assessed in 1814. For a useful table on these taxes, see Dewey, *Financial History*, p. 140.

43 Albert S. Bolles, *The Financial History of the United States, From 1789 to 1860* (New York, 1885), pp. 253-254.

44 An additional direct tax of \$6 million was levied on January 9, 1815, with similar conditions, except the 15% discount was allowed for payments before May 1 and the 10% discount by October 1. The direct tax of 1815 was enacted as an annual tax but it was repealed in 1816. Adam Seybert’s, *Statistical Annals: United States of America* (Philadelphia, 1818), pp. 499-501, cited by Daniels, p. 337.

45 Gallatin, *Writings*, p. 201.

46 Bayley, p. 51, also cited by Daniels, p. 333.

By 1814, the situation was critical. Not only had expenditures risen considerably, but revenue from import duties had drastically declined.⁴⁷ Once again, Congress resorted to borrowing for its revenue. This time, \$25 million was authorized, the largest ever, and this only after much spirited debate on the entire question of the war.⁴⁸ To make acceptance more palatable, three subscriptions were offered; each one failed worse than the previous one.

Discounts up to 20 percent, including provisions for accepting subscriptions in Treasury and state bank notes, were offered. An additional provision required that if more favorable terms were granted, they had to apply to previous loans.⁴⁹ By mid-1814, the latter had led to considerable speculation and embarrassment, which further depreciated the value of government stock and marked the lowest point in the government's efforts to finance the war.

There was imposed a number of, albeit inadequate, duties on various goods in 1814 including refined sugar, carriages, salt imports and distillers. An additional charge of 1-percent was laid on auction sales of goods and .25-percent on the purchase of ships. Duties were enacted on bank notes, bonds and promissory notes discounted by banks of more than \$50. Wine and spirit merchants were now required to obtain a license and postage rates were increased by 50-percent. Additionally, a variety of taxes were imposed on manufactured and household goods, silver and gold watches, jewelry and plated goods. Unfortunately, because of the earlier hesitancy to impose taxes, by the time much of these revenues were collected, the war was over.⁵⁰

Third Issue

In his report of December 1813, Acting Treasury Secretary Jones, who had been appointed by President Madison in early March (and served until the following January), urged the further use of Treasury notes.⁵¹ Public policy apparently had called for the release of no more notes than could be supported by fiscal revenues. Should more be issued, they would be in lieu of, or as an adjunct to, stock loans.

In early 1814, Congress again considered authorizing new Treasury notes for a sum not exceeding \$5,000,000, as well as an additional \$5,000,000 as part of any new loan. Such a bill was enacted on March 4, 1814. Only three denominations—\$20, \$100 and \$1,000—were issued.⁵² The use of \$20 notes, even though interest-bearing, was a significant departure from previous practices, for they were clearly intended to serve as a de facto currency. Proof of their intended circulation can be found in Tennessee Governor William Blount's October 12, 1814, letter to Treasury Secretary Alexander J. Dallas, in which the former stated that he had endorsed \$100,000 in Treasury notes "so that they may go into circulation." Blount subsequently delivered the notes to Postmaster General W.B. Lewis to distribute.⁵³

47 Estimated expenditures were \$43,350,000 and revenue at only \$16,000,000. William Jones', "State of Finance," Finance, 2:651.

48 Bayley, National Loans, p. 52.

49 The Richmond Inquirer (May 7, 1814), 3:2, reported that by May 7, \$10 million at 88-percent had been subscribed. In his report on Finances in December 1814, Dallas mentioned that proposals were invited on August 22, 1814 for \$6 million at 6-percent; of this only \$2,823,300 was subscribed; \$100,000 at less than 80-percent; \$2,213,000 at 80-percent; \$510,300 at 80 to 88-percent. All but the \$100,000 were accepted because there was no prospect of better terms and the money was indispensable. \$410,000 of these contracts was reneged on by the banks. Special contracts for loans with the banks were unsuccessful. "Report on Finances December 1814" Reports, p. 528

50 Bolles, pp. 254-260 cited by Daniels, pp. 337-338.

51 William Jones, "Report of Finance, December 1813" Reports, p. 502. There is no corroborating evidence that an annual issuance of \$5,000,000 was ever authorized.

52 Bayley, National Loans, p. 52.

53 "Estimates and Statements by the Registrar of the Treasury" Vol. 145. General Records from the Central Treasury Records, Records of the Bureau of the Public Debt, Record Group 53, p. 24.

\$100 Note, issued in accordance with the Act of December 26, 1814 numbered, unsigned and dated February 11, 1815
Not Actual Size.



The third issue did not satisfy public demand for a circulating currency, and the overall suspension of specie payments outside New England forced a review of Treasury policy. In October 1814, Chairman of the House Ways and Means Committee John Eppes solicited suggestions from Treasury Secretary Dallas about how to revive and maintain the public credit.⁵⁴

Dallas' perspicacious, if lengthy reply, mentioned the prevailing apprehension over the government's credit and characterized circulating currency as a "copious source of mischief and embarrassment." Exportation and hoarding of specie, he explained, had considerably diminished the nation's stores of gold and silver coinage. Even worse, the suspension of specie payments had "suddenly broken the chain of accommodation that previously extended the credit and circulation of the notes which were emitted in one State into every State of the Union. ...There exists at this time no adequate circulating medium common to the citizens of the United States."⁵⁵



John W. Eppes lived from April 1773 to September 1823. He was a United States Representative and a Senator from Virginia, and chaired the Ways and Means Committee for the Eleventh Congress.

As a remedy, he suggested that "under favorable circumstances and to a limited extent, an emission of Treasury notes would probably afford relief."⁵⁶ He did point out, however, that the notes were "an expensive and precarious substitute for coins and bank notes." The Secretary concluded that the notes might be issued under the auspices of a national bank. "But whether the issues of a paper currency proceed from the national treasury or from a national bank, the acceptance of the paper...must be forever optional with the citizens."⁵⁷ Under no circumstances did the Treasury Secretary want the notes to be legal tender, although he felt they should be receivable for all public dues and taxes—in other words, he considered them "partial legal tender."

In an attempt to establish a uniform national currency, the President called Congress into special session on September 19, 1814. Congress ducked the question, however, when it authorized a \$3 million loan subscribable in Treasury notes. No stock was issued under this act, but \$1.45 million was borrowed from banks under special contracts.⁵⁸

54 John W. Eppes, "Letter to Secretary of the Treasury Dallas, October 14, 1814" Reports, p. 234.

55 A. J. Dallas, "Letter to John Eppes, October 17, 1814" Reports, pp. 234-236.

56 Ibid., p. 236 and p. 266; also in Niles' Weekly Register (Dec. 24, 1814).

57 The Niles' Weekly Register (Dec. 24, 1814).

58 Idem., "Report of the Secretary of the Treasury, November 1815," Reports, 11: 13. Forest Daniels speculated that the provision to receive Treasury notes at face and accrued interest for the stock was an attempt to remove the one-year notes from whatever circulation they had and to replace them with the new 12-year obligations at higher interest. Daniels, p. 354.

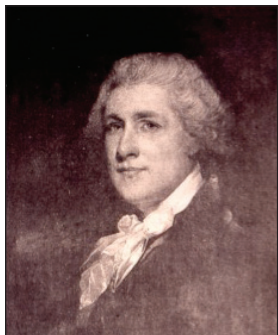


\$20 Note, issued in accordance with the Act of December 26, 1814 signed and undated
Not Actual Size.

Meanwhile, all bank notes were being discounted, and only those of banks with deposits of public money were accepted by the government. By July, a number of interior banks began suspending specie payments. When the British burned Washington, D.C., and threatened Baltimore in August, the Eastern banks also suspended specie payments, and, as a result, the government was unable to reclaim any of the specie it had on deposit in those banks. Treasury Secretary Dallas blamed the government's failure to pay its bills almost solely on the Treasury's inability to transfer its funds to places where it was needed because of the banks' suspension of specie payment. Fortunately, peace negotiations began in Ghent, Belgium, on August 7.⁵⁹

Fourth Issue

Since subscriptions to the \$25 million loan of March 24, 1814, and the \$3 million loan of November 15 fell far short, it was not long before Congress decided it was preferable to issue more Treasury notes than more stock. With little or no debate, both Houses authorized another issue of \$7.5 million on December 26, 1814. These notes were to be in lieu of Treasury notes authorized by previous loan acts. The act also authorized an additional \$3 million in notes to defray war expenses for 1814. Most of the bill's provisions were identical to the Act of March 4, 1814, and resulted in the issuance of a total of \$8,318,400.⁶⁰ Historian John J. Knox reported that \$20, \$50 and \$100 notes were issued, although there is no record of \$50 bills having been printed.



Alexander J. Dallas helped his friend, Gallatin obtain funds to fight Britain.

It was the unenviable duty of Treasury Secretary Dallas to report in early 1815 that "the Treasury was suffering under every kind of embarrassment,"⁶¹ and that it was virtually empty and without credit. Some \$98 million had been borrowed during the war, leaving a funded debt of \$68 million and an estimated deficit of \$41 million for 1815.⁶² New loans had been solicited abroad, but none were available. Treasury notes, Dallas claimed, were accepted only by creditors and contractors in distress, and bank bills in the

South and West were useless following the suspension of specie payment. Fiscal revenues were far from adequate and mostly paid in Treasury notes. A uniform, circulating medium still had not been achieved—a new monetary expedient was necessary.⁶³

⁵⁹ Annals, 13th Congress, 3rd Sess., 1814-1815, Vol. 3, pp. 1484-1490, 1501 and pp. 769-770, cited by Daniels, pp. 346-347.

⁶⁰ Bayley, National Loans, p. 56.

⁶¹ Raymond Walters, Jr., Alexander James Dallas, (Philadelphia, Pa.:1943), p. 189.

⁶² Bayley, National Loans, p. 57.

⁶³ Albert Gallatin, "Letter to Monroe, October 26, 1814" Writings, 1:642.

⁶⁴ "Report by John W. Eppes, October 10, 1814," in John Jay Knox's, United States Notes (New York, 1884), p. 32.

Small Treasury Notes

In the October 10, 1814, report of the House Ways and Means Committee, Chairman Eppes argued that to secure the circulation of Treasury notes, small denominations should be issued. They should be payable to the bearer, transferable by delivery, and receivable in all payments for public lands and taxes. Internal revenues should be pledged for payment of the interest, and the notes should be fundable in 8-percent stock or redeemable in specie after 6 months' notice, by the government.⁶⁴ This was a radical departure for Treasury Secretary Dallas, who had never before suggested non-interest-bearing notes as a national circulating medium.

These views were repeated at the end of November, when Eppes wrote to Dallas about the proposed national bank. In his December 1, 1814 reply, Dallas stated that with specie payments suspended, a national bank would be difficult to establish and that the "introduction of a national circulating medium" was necessary.⁶⁵ Later that month, Dallas reported that "notes of a smaller denomination than heretofore issued have been prepared."⁶⁶ This is revealing, as no Congressional resolution for small Treasury notes was forthcoming until the next month.

On December 11, 1814, Representative Bolling Hall of Georgia introduced a resolution that directed the House Ways and Means Committee to inquire into authorizing the Secretary of the Treasury to issue notes convenient for circulation. In one of his five resolutions, Hall proposed that these bills "shall be a legal tender in all debts."⁶⁷ The House agreed to consider Hall's resolutions, with the exception of the legal-tender clause. By a vote of 42 to 95, the first attempt to discuss a legal-tender currency was defeated. The entire small Treasury note issue was briefly commented upon and soon laid on the table by a large majority.⁶⁸

A subsequent resolution of January 7, 1815, was introduced by Representative Lyman Law of Connecticut. He proposed to make Treasury notes receivable in payment for fines, forfeitures, penalties, and taxes owed to the United States. It seems that, contrary to the reports of the Treasury Secretary, many of the tax collectors were refusing Treasury notes. In spite of this request, the resolution was laid on the table by a vote of 61 to 56.⁶⁹

In his State of the Treasury report to Congress on January 21, Secretary Dallas made a proposal similar to Eppes' and Hall's resolutions. Treasury notes amounting to \$15 million, he suggested, "should be issued in denominations of \$100 and upwards, shall be made payable to order and shall bear an interest of five and two-fifths per centum per annum." Notes denominated between \$20 and \$100 would be payable to order at the same rate of interest, or payable to the bearer with no interest. Notes under \$20 likewise bore no interest.⁷⁰

A bill incorporating Dallas' recommendations was introduced in the House on January 30, 1815, and referred to the Ways and Means Committee. The bill passed the House on February 11, the Senate on February 21, and became law on February 24, 1815.⁷¹ As originally proposed,

65 The Niles' Weekly Register (Dec. 2, 1814), 8:266. To be sure, Dallas was a strong proponent of a national bank stating to Eppes that, "The establishment of a national institution, operating upon credit combined with capital, and regulated by prudence and good faith, is, after all, the only efficient remedy for the disordered condition of our circulating medium." Moreover, such a bank would be useful as, "a safe depository for the public treasure and a constant auxiliary to the public credit." After much discussion with Eppes and entrepreneurs and bankers like Steven Girard, Dennis Smith, and Jacob Barker, Dallas proposed a new bank very similar to the original Bank of the United States, Walters, Jr., pp. 191-193.

66 A. J. Dallas, "Report on the Finances, December 1814" Reports, p. 529.

67 Annals. 13:3 (Nov. 12, 1814), p. 557.

68 Ibid., p. 559.

69 Annals, 13:3 (Jan. 7, 1815), p. 1045. Also in the Richmond Inquirer (Jan. 11, 1815), 2:3.

70 A. J. Dallas, State of the Treasury Report, (Jan. 21, 1815), pp. 885-888.

71 Annals, 13:3 pp. 1092-1094.

TABLE 4
Amount of Treasury Notes Issued
 (Amounts in Dollars)

Issue Date	Amount Issued
June 30, 1812	\$5,000,000
February 25, 1813	\$5,000,000
March 4, 1814	\$10,000,000
December 26, 1814	\$8,318,400
February 24, 1815	\$4,969,400 Large Notes
	\$3,392,994 Small Notes
TOTAL:	\$36,680,794

Source: "Domestic Letter, 1814-1816," Vol. I, Record Group 53, National Archives (Washington D.C.)

there would have been an issue of \$15 million redeemable in five annual installments of \$3 million each, for which land tax was pledged. Connected with this scheme was a proposed interest-bearing loan of \$25 million. During debate, the bill was amended to reverse the amounts of bonds and Treasury notes, so there would be \$25 million of the latter.

While the bill was being considered, Eppes wrote to Dallas requesting additional information. Once again Dallas urged the use of small Treasury notes in preference to state bank notes as the national medium of exchange. He warned Eppes however that, "considering the outstanding amount of Treasury notes, any new issue should be made to rest upon a basis that will enable the government to employ it both as a circulating medium and as the means of raising money in aid of the revenue."⁷²

The peace treaty with England was signed in Ghent on December 24, 1814, a month before the bill was introduced, rendering the issuance of the notes as a war measure unnecessary. The bill nevertheless was enacted as a means of paying off the arrearages of the war. It also was intended to make these treasury notes the preferred medium of exchange in America.

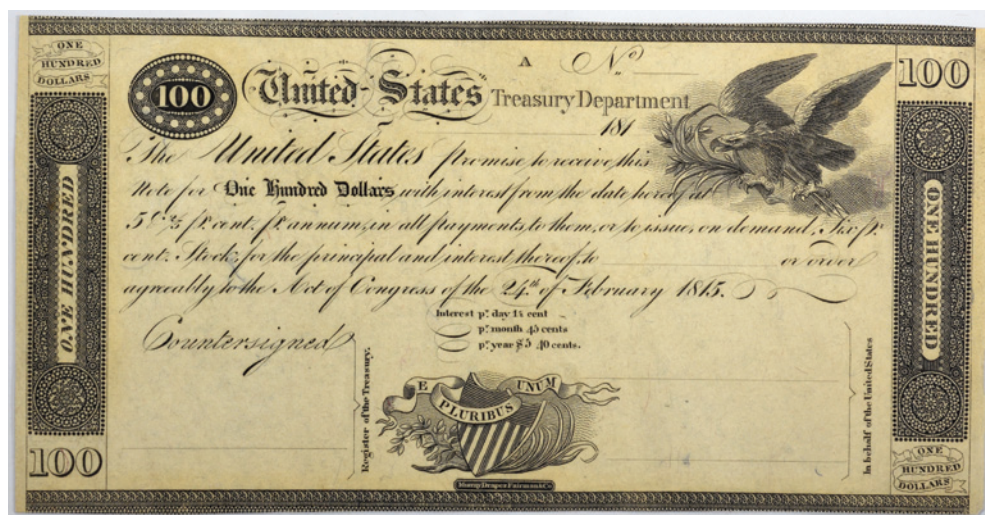
Notes issued under this act were considered "small" if under \$100, and "large" if \$100 or over. Unlike the emissions of the first three acts, these notes were not chargeable upon the sinking fund, nor were they payable out of any money in the Treasury not otherwise appropriated. Instead, the small notes were fundable in 7-percent stock, and the large ones in 6-percent certificates.⁷³

72 A. J. Dallas. "Letter to John Eppes, February 20, 1815" Reports, pp. 273-275.

73 The stocks were to be transferrable in the same manner as other U.S. securities and their redemption pledged by the government. Other provisions of the bill provided that the notes be signed by two persons receiving \$.75 for each 100 signed, then countersigned by the Register of the Treasury. Notes under \$100 would be payable to the bearer, transferrable by delivery and bear no interest (very much like bank notes) while the \$100 and up notes were made payable to order, transferable by delivery and assignment by endorsement, bear interest of 5 2/5%. Intriguingly, these large notes could be made payable to the bearer if they bore no interest but no notes of this type were issued.

Unlike previous issues these notes were not payable at any special date and not chargeable to the sinking fund; they were payable from the general treasury and rested on the provision making them fundable into stock. The new \$100 notes were printed on three-subject sheets rather than two as were previous types and sported a different design. By January 5, 1816, 10,400 sheets were shipped from Philadelphia printer Murray, Draper, Fairman & Co. to the Register of the Treasury via Jonathan Smith, cashier of the Bank of Pennsylvania. The notes were held by the register in the bank until being disposed of by order of the Treasury Secretary. They were to be accounted for separately. Annals, 13th Congress, 3rd Session Vol. 3, pp. 1921-1926; National Archives, Record Group 53, Vol. 191. Mostly cited by Daniels, pp. 356-364.

\$100 Note, issued in accordance with the Act of February 24, 1815 unsigned and undated
Not Actual Size.



Of the \$25 million authorized, only \$4,979,400 in \$100 notes and \$3,392,994 in small notes (\$3, \$5, \$10, \$20 and \$50) actually were released.⁷⁴ The small Treasury notes, however, were re-issued, resulting in a gross disbursement of \$9,070,386. (Table 4)⁷⁵

At first, the small Treasury notes were limited principally to paying army indebtedness, and dividends on the public debt. Later, they were used for payment of the funded debt and to compensate members of Congress.⁷⁶

Treasury Note Success

Just how effective were the Treasury notes as a circulating currency? In a December 1815 report, Treasury Secretary Alexander James Dallas stated that the notes issued prior to February 24, 1815, were denominated too high to serve as a medium of exchange. Although he was correct in this assumption, the large Treasury notes (\$100 and over) indirectly served to increase the circulating money stock. Their utility as short-term (one year), interest-earning assets with virtual legal-tender status made them extremely desirable as bank reserves. With bank notes no longer refundable in gold (except in New England), and specie no longer available, as economic historian Richard H. Timberlake has pointed out, “What could be more attractive to a bank than reserve assets that are legal tender and yet returned interest income as part of the bank’s investment portfolio?”⁷⁷

There were of course the usual skeptics. The small Treasury notes, fundable at an interest of 7-percent (though of a convenient denomination for common use, Secretary Dallas asserted), “would be converted into stock almost as soon as they were issued.”⁷⁸ Even President Madison in his veto message on the Bank of the United States on January 30, 1815, stated that no “adequate advantage arises to the public credit from the subscription of Treasury notes.”⁷⁹ A more thorough analysis, reveals that the Treasury notes not only were successful in helping the public credit and as bank reserves, but also that they did indeed circulate.

74 William H. Crawford, “Report of the Treasurer” Reports, p. 125. The first known transaction in small Treasury notes was \$150,000 ordered by Jonathan Smith, Cashier of the Bank of Pennsylvania on June 28, 1815. “Domestic Letters 1814-1816,” Vol. 1, Record Group 53, Archives (Washington, D.C.), p. 108.

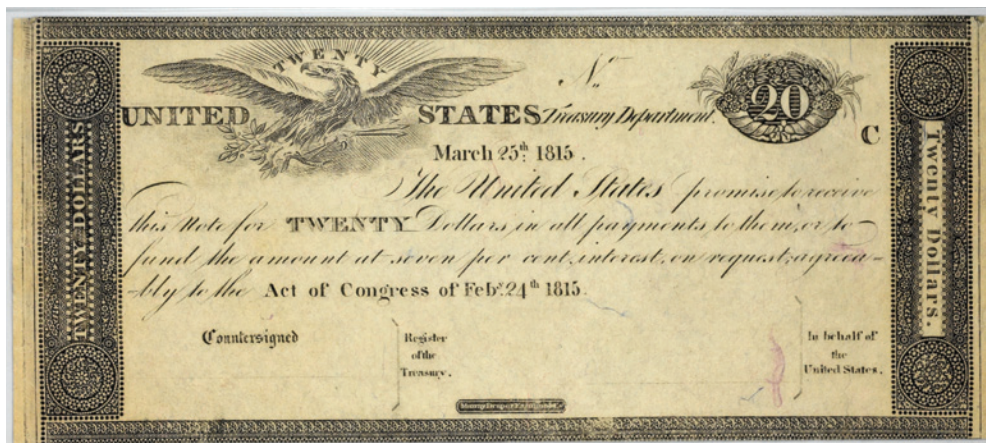
75 Knox, United States Notes, p. 37.

76 Annals, 14th Congress, 1st Session, 1815-1816, p. 1624.

77 A. J. Dallas, “Report on the Finances, December 1815,” Reports, pp. 24-25.

78 James Madison, Veto Message, January 30, 1815, Compilation, Vol. I, p. 556. Indeed, they were so popular that \$1,365,000 of small-denomination notes sold at a premium above face value. See Table 9.

79 Richmond Examiner (Dec. 31. 1814), 3:2 & 3.



\$20 Note, issued in accordance with the Act of February 24, 1815 unsigned and undated
Not Actual Size.

An editorial in the December 31, 1814, edition of the *Richmond Examiner* urged more people to accept Treasury notes. They were superior, the writer claimed, to the Exchequer bills of England, and were accepted by many people.⁸⁰ The same paper reported on January 10, 1815, that the Treasury notes were “rising fast in our market. They were sold yesterday, not merely at their nominal value, but with the interest added.”⁸¹

Both John Jay Knox, writing in 1884, and modern-day numismatic scholar Walter Breen asserted that the \$100 Treasury notes depreciated some 8 to 10 percent. This may have been true in New England, against their specie-controlled notes, but published accounts in various papers generally do not bear this out. Indeed, the May 20, 1815, issue of the *Baltimore Sun* stated, “Treasury notes are now in demand and will soon, everywhere, bear a premium nearly equal to the amount of interest they may have accrued on them, on account of the uncommon sums speedily to be paid for duties at our custom-houses.”⁸² That same day, *Niles’ Weekly Register* quoted a report in the *Boston Patriot* that “Treasury notes pass at par in Canada. A Canadian will give his hundred silver dollars for a Treasury note of that sum.”⁸³ This is powerful testimony coming from the most intensely anti-war city in the nation. Another editorial in the *Niles’ Weekly Register* surmised that the Boston brokers were angry with the Secretary of the Treasury for not letting them fund Treasury notes on their terms. The editor concluded that this was the reason the Boston brokers had tried to discredit the notes by claiming they had depreciated as a result of the war. This assertion by the Boston merchants, the editor continued, was not a credible one since the duties and taxes for which the Treasury notes were payable (and therefore useful) could retire double the amount of notes in the people’s hands.⁸⁴ Since the demand for these notes was twice the supply, they certainly had no reason to depreciate; they should have, and did, command a premium.

Two of the best pieces of evidence supporting the success of the Treasury notes can be found in two advertisements. In the *Richmond Examiner* of June 7, 1815, a certain Hugh Chambers offered: “Par will be given for One Hundred Thousand Dollars worth of Treasury Notes.”⁸⁵ Another advertiser, this time in the *Washington National Intelligencer* of August 15, 1815, offered to pay a premium for Treasury notes.⁸⁶

80 Report in the *Niles’ Weekly Register*, 7:3361.

81 Breen, in *Numismatic News Weekly*, January 15, 1974, p. 34; and Knox, *United States Notes*, p. 38. Knox makes the additional statement that “after deducting discounts and depreciation,” the notes were rapidly funded after December 1814.

82 Report in the *Niles’ Weekly Register* (May 20, 1815), 8:203.

83 *Ibid.*, p. 214.

84 *Ibid.*, p. 215.

85 *Richmond Examiner* (June 7, 1815), 3:4.

86 *Washington National Intelligencer* (August 15, 1815), 1:3.

TABLE 5
List of Small Treasury Notes Sold

Percent Premium	Amount	Amount of Premium
4	\$300,000	\$12,000.00
3-1/4	\$19,600	\$637.00
3	\$89,400	\$2,682.00
2-3/4	\$55,000	\$1,512.50
2-1/2	\$281,000	\$7,025.00
2-1/4	\$5,000	\$112.50
2	\$340,000	\$6,800.00
1-3/4	\$10,000	\$175.00
1-1/2	\$91,000	\$1,365.00
1/1/4	\$74,000	\$925.00
1/1/4 (With one month interest deducted)	\$100,000	\$659.37
	<hr/> \$1,365,000	<hr/> \$33,893.37
Deduct sundry charges incurred:		-\$1,785.73
Net amount of premium received by the United States:		<hr/> \$32,107.64

Source: "Domestic Letter, 1814-1816," Vol. I, Record Group 53, National Archives (Washington, D.C.).

If merchants, albeit speculators, paid a premium for Treasury notes, it can hardly be asserted that the bills were severely depreciated. Indeed, the only notices in the media that suggested depreciation of the Treasury notes were found in Boston, where a certain banker stated that the 7-percent Treasury notes (and probably all non-New England paper) were accepted at an 8.5- to 9-percent discount.⁸⁷ This was logical, since New England never suspended specie payments, and all other non-convertible money would naturally be discounted. It was also true that premiums were paid for U.S. notes in terms of depreciated bank notes, while the Treasury notes were at a discount for specie.

There is also substantial evidence that the small Treasury notes circulated as currency. Niles' Weekly Register of June 24, 1815 reported:

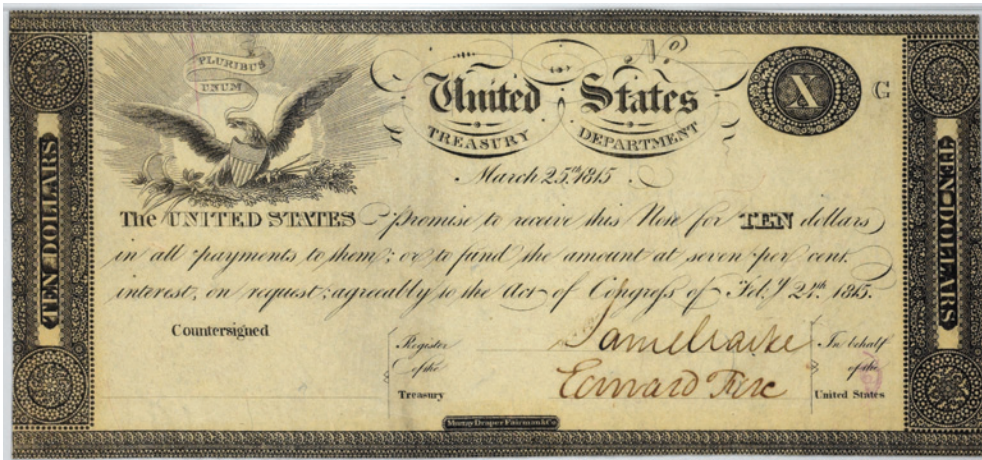
*This species of money, so convenient as a general circulating medium, is above par at Philadelphia and in all parts of the southward and westward— nearly at par In New York, and rapidly rising in Boston....It is probable that Treasury notes will immediately become the circulating medium of all the Union; and, perhaps, sound policy may dictate the issue of a large number of small amounts, like bank notes, without interest, as well as to supply the general demand...*⁸⁸

In a directive on August 15, 1815, the Treasury Secretary mentioned that the circulating medium for local use at that time was cents, Treasury notes and local bank notes.⁸⁹

⁸⁷ The Niles' Weekly Register (Dec. 4, 1815), 3:2.

⁸⁸ Ibid.

⁸⁹ Ibid. (Aug. 26, 1815), p. 439.



\$10 Note, issued in accordance with the Act of February 24, 1815 signed by Samuel Clarke and Edward Fox and dated March 25, 1815. Not Actual Size.

A Boston paper reported a notice by Treasury Secretary Dallas on December 23, 1815, that, because of the suspension of specie payments, the Boston loan office had no hard money to pay off its debts. It had only Treasury notes, which were the “major circulating medium now and the way people pay taxes and duties.”⁹⁰

In his December 1815 report, Dallas submitted a table showing \$1,365,000 in small Treasury notes being sold at a premium of 1.25 to 4 percent (and netting the treasury at most \$34,000 - Table 5), a high premium for non-interest-bearing notes convertible into 7-percent stock when other instruments, such as Treasury loan certificates, were available at an effective rate of 27 percent.⁹¹ The high demand for the small, circulating Treasury notes is supported by data presented by Treasury Secretary Assistant Rafael A. Bayley in the 1880 census, wherein he attests that the notes sold at various rates, from par to a 4-percent premium.⁹² A logical explanation is that the small notes were valuable as a circulating medium throughout the country; that faith was rising in government bonds; and that funds were needed for customs.

Researcher Walter Breen asserted that by October 1, 1815, \$3,218,950 worth of notes (95% of the notes issued) were exchanged for stock.⁹³ He concluded from these figures that the notes did not circulate but were immediately funded. But Breen’s figures are incorrect. On October 1, 1815, \$2,282,850 in notes was issued, and only \$1,860,000 was received for duties and taxes or used in funding. From these figures, it is clear not only that 81 percent of the small Treasury notes was used for paying taxes or used in funding, but also that the notes were accepted as currency. Furthermore, of the original \$2,282,850 in Treasury notes, more than \$1.3 million went to pay for war supplies, and another \$645,000 was turned over to pay the dividends on the public debt. The remaining \$335,000 was actually sold at premiums of 1.25 to 4 percent.⁹⁴ It is certainly more plausible that most of these notes circulated, were used as bank reserves, or were turned in for taxes, rather than funded at 7 percent, as researcher Walter Breen believed.

Researcher Forrest Daniels also asserted that “as a medium of exchange the small Treasury notes were an almost complete failure.” He refers to attempts at the establishment of another Bank of the United States to issue a uniform currency, but does not demonstrate why that meant

⁹⁰ Report in the National Intelligencer (Jan. 5, 1815), 3:2.

⁹¹ A. J. Dallas, “Report on the Finances, December 1815” Reports, p. 26.

⁹² Bayley, p. 134.

⁹³ Walter Breen in Numismatic News Weekly (January 15, 1974), p. 34.

⁹⁴ A. J. Dallas, “Report on the Finances, December 1815” Reports, pp. 27-30.

July 29, 1815 letter
from Treasury
Secretary Alexander
Dallas on procedures
for redeeming Treasury
Notes

Not Actual Size.

the Treasury notes were a failure.⁹⁵ While Daniels does point out that payments of the floating debt obligation of earlier Treasury Notes were delayed throughout the country, only a few Southern banks (he mentions two in Georgia) refused to accept the Small Treasury Notes in payment of early Treasury note debt.⁹⁶ But that was only \$300,000 worth. Daniels admits that from September 30 to December 1815, more than \$2 million of old Treasury note obligations was retired in part by using the new Treasury notes.

It is doubtful that the non-interest-bearing small Treasury notes saw much use as bank reserves either. Individuals would deposit the notes or merchants would use them to pay customs duties. The banks would sometimes use the Treasury notes as cash reserves to prevent their own notes from being discounted. Thus the small Treasury notes would again be recycled into the community, acting just as planned - a circulating substitute to specie.

Despite the notes' usefulness, Secretary Dallas still viewed them as an embarrassment to the fiscal operations of the government, made necessary by the extraordinary expenses of war. In his December 1816 report, he recommended that since temporary loans could be obtained from the newly chartered Second Bank of the United States, "the reissue of Treasury notes, of all description, should be discontinued." He therefore suggested that "an appropriation be made during the present session of Congress for the reimbursement of the whole of the Treasury notes issued under the Act of the February 24, 1815. The Treasury notes issued under the preceding laws have either been reimbursed, or provisions made for that object during the last quarter of the year."⁹⁷ (All notes received by the Treasury for any purpose were to be canceled and destroyed.)

95 Daniels, p. 374.

96 Ibid, pp. 377-378 citing Letter Book, U.S. Loan Office, Savannah, Ga., 2810-1817, Vol. 1304, National Archives.

97 Ibid., p. 75

98 Walter Breen in Numismatic News Weekly (January 15, 1974), p. 34.

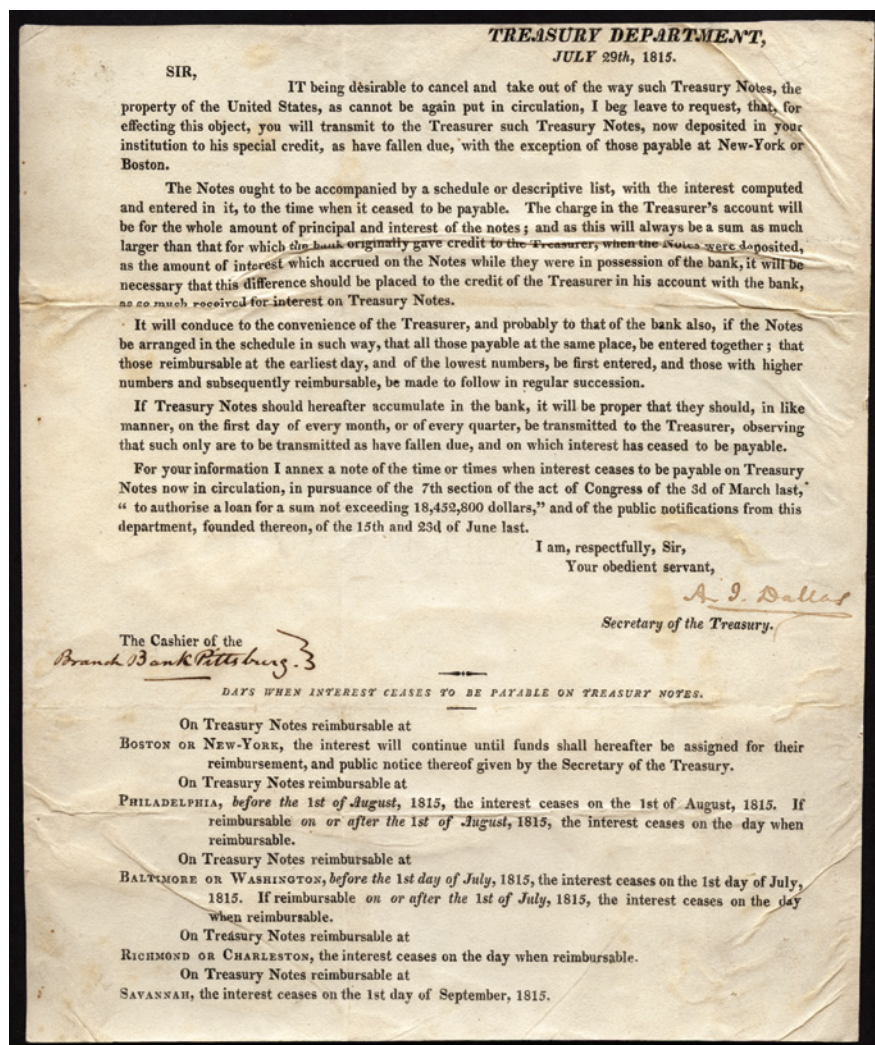


TABLE 6
Treasury Note Issues & Provisions

Issue Date	Authorized Emission(\$)	Amount Sold (\$)	Where issued
June 30, 1812	\$5,000,000	\$5,000,000	Boston, New York, Baltimore, Philadelphia, Washington D.C.
February 25, 1813	\$5,000,000	\$5,000,000	-
March 4, 1814		\$10,000,000	Boston, New York, Philadelphia, Washington D.C., Richmond, Charleston, Savannah
December 26, 1814	\$7,500,000	\$8,318,400	
February 24, 1815	\$25,000,000	\$4,969,400 (Large) \$3,392,994 (Small) \$5,688,392 (+Reissue) (\$9,070,386 Total)	

Note: The Large Treasury notes were 7-3/8 by 3-7/8 inches; the small notes were 6-1/2 by 3 inches. They were printed on two subject sheets, on blue and red silk-fibered, watermarked paper (UNITED STATES) by MURRAY, DRAPER, FAIRMAN & CO. The proofs were printed on India paper without watermark. Two clerks were appointed to sign the notes and were paid \$1.25 for each hundred. They were then sent to Joseph Smith, Cashier of the Bank of Pennsylvania who forwarded them to either the Commissioner of Loans or the Register of the Treasury for his countersignature.

*Fifteen banks were credited with receiving the proceeds of these sales. The notes issued during 1812 were paid off in 1813. Daniels p.358
Source: "Domestic Letter, 1814-1816," Vol. I, Record Group 53, National Archives (Washington, D.C.)

Again, following the Secretary's recommendations, Congress passed an act on March 3, 1817, repealing all previous Treasury note acts and prohibiting further issue of notes. This law remained in effect for almost 20 years, during which time the legal circulating medium consisted of Spanish and Mexican silver dollars, occasionally other foreign silver, and notes of the Second Bank of the United States.⁹⁸

Thus ended the first experiment with circulating Treasury notes, one necessitated (like most paper money issues throughout history) by a currency-hungry war. Following the disastrous attempts at issuing paper currency during the Revolutionary War, Congress reluctantly authorized the printing of money that, in the case of the small Treasury notes, served as a circulating national currency, albeit without the obligation of acceptance that comes with legal-tender status.

The introduction of these first Treasury notes caused an expansion of the country's money supply and a corresponding rise in prices by acting as bank reserves. Similar to our currency today, they were not convertible into silver or gold specie, bore no interest, and were receivable in payment of government dues and taxes. Their utility as all but legal-tender issues—and the government's promise to redeem them by a certain date—prevented their massive depreciation, as was the case with some earlier colonial issues and later Civil War paper. In New England they sold at a premium since they substituted for specie, while in the South and West there was less interest since there were fewer debts to the government. Not only were the Treasury notes our nation's first circulating currency, but also its most successful. (Table 6)

⁹⁸ Walter Breen in *Numismatic News Weekly* (January 15, 1974), p. 34.

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Appendix I: Treasury Note Characteristics

All U.S. Treasury notes were printed in Philadelphia by Murray, Draper, Fairman & Co. on bond paper imbedded with red and blue fiber paper; and bore a UNITED STATES watermark. The first two series used thicker paper than the latter three. Proof issues were printed on India paper and mounted on cardboard. When cut, single notes from the first four series measured 100 x 200 mm as did the large size notes of the fifth series. The small-size Treasury notes of the fifth series were 70 x 170 mm.

The notes were delivered to the cashier of the Bank of Pennsylvania, Jonathan Smith, who had them signed and numbered by two clerks. The latter includes Timothy Matlock & Charles Biddle on the June 30, 1812 issues; Matlock and Samuel Clarke on the March 25, 1813 issues; Clarke and Edward Fox on the March 4, 1814 issues and \$100 & some \$20 notes of the December 26, 1814 issues. The latter issue also was signed by F.W. McGeary & C.C. Biddle for some of the \$20 notes. The February 24, 1815 large \$100 notes were signed by Fox and Clarke and the small notes by the same pair, as well as the team of McGeary & Biddle. William White countersigned the first three issues as Commissioner of Loans; T.D.T. Tucker countersigned the December 26, 1814 issues when he was Commissioner. The February 24, 1815 large notes and some of the small notes were countersigned by Joseph Nourse as Register of the Treasury as well as James Dickson when he was signing for Nourse. T.D.T. Tucker apparently also countersigned as Treasury Secretary on a \$100 note dated October 1, 1815.* (Table 7).

TABLE 7
Treasury Note Signers

Issue Date	Loan Office	Denomination	Signatures	Countersignatures
June 30, 1812	Philadelphia	All	Timothy Matlock & Charles Biddle	William White (Commissioner of Loans)
March 25, 1813	Philadelphia	All	Timothy Matlock & Samuel Clarke	William White (Commissioner of Loans)
March 4, 1814	Philadelphia	All	Timothy Matlock & Samuel Clarke	William White (Commissioner of Loans)
December 26, 1814	Philadelphia	\$100 & \$20	Edward Fox & Samuel Clarke	T.D.T. Tucker (Commissioner of Loans and as Treasurer)
	Philadelphia	\$20 Notes Only	F.W. McGeary & C.C. Biddle	T.D.T. Tucker (Commissioner of Loans)
February 24, 1815	Philadelphia	Large Notes	Edward Fox & Samuel Clarke	Joseph Nourse (Register of the Treasury)
	Philadelphia	Small Notes	Edward Fox & Samuel Clarke also F.W. McGeary & C.C. Biddle	Joseph Nourse (Register of the Treasury) also James Dickson (On behalf of the Registry of the Treasury)

Source: "Register of Treasury Notes," Vol.189, Record Group 53, National Archives, Washington D.C.; "Estimates and Statements 1791-1843," Vol. 132, Record group 53, National Archives, Washington D.C., and personal observations by the author

* John Knox, *United States Notes* 1884, p.35. Line drawing.

Appendix I: Treasury Note Characteristics (cont.)

Additional \$10 notes of that issue are countersigned by James Dickson and one reported to have been signed by John Calhoun. Previous issues allowed for the President of the United States to appoint someone to countersign the notes.**

Once countersigned, the notes were turned over to Richard Smith “for safe keeping in the Iron Chest,” until they should be issued.⁹⁹ The first sheets contained two notes of A & B and C & D plate positions. By the December 26, 1814 issue, uncut sheets of E & F and G & H were printed. For the February 24, 1825 large notes, an uncut sheet of three proof notes are known with A, B, and C plates. For the small notes, the early shipments were made in bundles of 300 sheets of four notes with plate letters A, B, C, and D for all denominations but the \$5 which bore plate letters a, b, c, and d to indicate the position of each note on the sheet. In several cases uncut sheets of remainders are known with only three notes attached; the first note having been removed.

The first shipment of the small notes containing \$6,000 worth of \$5 notes arrived March 18, 1815 and the last 10,000 sheets were received in Washington on May 4. The first parcel of \$10s was received March 24 and the last of the \$10s on April 29. Fifty dollar notes commenced on April 19 and ceased June 1 while the first 1,000 sheets of \$3 notes arrived May 15 and the last on June 9. The \$20 notes were received by Register Joseph Nurse from May 10 until June 20 and the \$10s from March 28 to March 30. By June 20, 10,000 sheets of four (a, b, c, and d) of each of the five denominations of small notes had been printed, for a total of \$3,520,000. Others were printed in January 1816 and received on March 1, but only a total of \$3,392,994 were countersigned and issued for circulation. The balance of \$1,267,007 was canceled and returned to the treasury.¹⁰⁰ These latter remainders and proofs make up all but two of the known notes today. They were probably used by banks and customs officers for detecting possible counterfeits.

⁹⁹ Daniels, p. 380, citing Microcopy 235, Roll 249, Frames 39, 412.

¹⁰⁰ Ibid., Frame 315-319, 202.

** Thirteenth Congress, Sess.II, Ch.18. Sec. 4 1814. Exact wording of the March 4, 1814 law authorizing a Treasury Note emission states, “and the said notes shall likewise be countersigned by the commissioner of loans for that state where the notes may respectively be made payable, or by the register of the treasury, if made payable in the District of Columbia, or by a person to be appointed for that purpose by the President of the United States, if made payable in a state for which there is no commissioner of loans...”

Appendix II: Treasury Note Types

Virtually all 1812-1815 Treasury notes issued were redeemed by the government and destroyed. Less than 150 notes of four basic types are known today. These include unsigned remainders, partially signed remainders, fully signed notes and proofs.

About two dozen cardboard proof specimens of the final two issues are known to have survived. Presumably this number represents most of those printed, as specimen notes were likely hoarded by collectors. It is believed that most were supplied to the chief custom houses and other receivers of public funds in Baltimore, Boston, Charleston, New York, and Philadelphia.¹⁰¹

All known proofs are cancelled with either two or three holes equally spaced above each three signature lines. Nine holes have been observed on the \$20 and \$100 notes of the December 26, 1814 issues and the \$100 notes of February 24, 1815; and eight on the \$5 and \$50 and six on the \$10 denominations of February 14, 1815. (No proofs are known of the small-size \$20 denomination of the small Treasury notes.)

Unsigned remainders or unissued notes are known for almost every series. These specimens were printed, but never issued, and eventually entered the collecting market. About a quarter of all Treasury notes are unsigned remainders.

Some notes are partially signed, having one or two signatures instead of three. These usually were sent to banks and other government institutions for comparison in the detection of counterfeits. For example, Edward Fox is a single signatory on some \$50 notes, while specimens bearing two signatures carry one of two combinations: Edward Fox/Samuel Clarke or F.W. McGreary/Clement C. Biddle.

Notes with three signatures are scarce, and all but two are \$50 specimens from the fifth series. Of the approximately 12 known, all have hole-punched cancellations. The two known (and one unconfirmed) non-cancelled fully signed notes consists of a \$3 note countersigned by Joseph Nourse and a \$10 note countersigned by James Dickson (this latter is illustrated in the 1978 reprint of John Knox's 1848 *United States Notes*, and only surfaced in 2015).

101 Russell Rulau in Standard Catalog of United State Paper Money, 23rd Edition, (Krause Publications 2004, Iola, Wisconsin).

Appendix III:

Major Treasury Note Collections

Only four major collections of Treasury notes have been sold this millennium, but together they contained almost half of the known notes. The Alexandre Vattemare (R.M. Smythe 6/2000) contained 17 notes including a few unique cardboard proof sheets. John Jay Ford (Stacks 10/2004) acquired over 40 notes mostly from the F.C.C. Boyd and Julian Blanchard collections. The Donald H. Kagin collection, accumulated over 30 years, was sold privately to the “Taylor Family” (Currency Auctions of America 2/2005) and contained 16 notes and ancillary bonds and contemporary articles. A fourth collection, the Jim O’Neal Sale (Currency Auction of America 5/2005) was comprised of 13 notes from the other three sales as was the Ron Benice collection of 10 notes (Stack’s Bowers 11/2012). The Joel Anderson Collection being sold in March 2019 consists of 13 different notes.

Less than 35 specimens are known for the first four interest-bearing issues combined (including uncut sheets and specimens). The balance of more than 110 notes is from the circulating small Treasury notes.

Appendix IV: Additional Informational Tables

TABLE 8

Subscription of \$16 Million Loan of February 8, 1813

(Amounts in Dollars)

Name	Amount
States East of New York	\$486,700
State of New York	\$5,720,000
Philadelphia	\$6,858,400
Baltimore & the District of Columbia	\$1,393,300
Virginia	\$187,000
Charleston, South Carolina	\$354,000

Source: Davis Rich Dewey, "National Financial History of the United States" (New York, Augustus M. Kelley, 1968)

TABLE 9

Amount of Treasury Notes Sold & Redeemed

Issue Date	Amount Issued	Amount Redeemed
1812	\$2,835,500	
1813	\$6,094,500	
1814	\$8,297,280	\$5,800,000.00
1815	\$12,200,000	\$2,700,000.00
1816	\$4,300,000	\$9,700,000.00

Source: Alexander J. Dallas, "Report of the Secretary of Treasury, 1815" Reports of the Secretary of the Treasury of the United States (Washington, D.C., 1837), Vol. I, p.15

TABLE 10

Treasury Notes Outstanding as of September 30

(Amounts in Dollars, Estimate)

	1817	1818	1819	1820	1821
Small Treasury Notes	\$69,594.00	\$45,946.00	\$10,961.00	\$4,096.00	\$3,075.00
Other Notes	\$566,369.00	\$251,560.00	\$170,860.00	\$23,560.00	\$25,420.00
Total	\$635,963.00	\$297,506.00	\$181,821.00	\$27,656.00	\$28,495.00

Note: The increases in the amount in 1821 resulted from correction of the amounts in the branch of Washington and the Union Bank of New Hampshire, the difference being from interest being short estimated. An act of May 3, 1822 states that "from and after the passage of this act, no treasury note shall be received in payment on the account of the United States.

Source: Finance, Vol. 3, pp. 209, 281, 436, 558, 690 and Huntington & Mawhinney, P.106 cited by Daniels, p.380

TABLE 11
Treasury Note Issues of the Act of March 4, 1814
 (By Issue Date and Loan Office)

Date of Issue	Boston	New York	Philadelphia	Baltimore	Washington	Richmond	Charleston	Savannah	Total
March 11, 1814	----	150,000	----	----	----	----	----	----	150,000
April 1, 1814	----	----	----	----	----	----	----	211,000	211,000
April 11, 1814	----	----	----	----	56,000	----	----	----	56,000
April 21, 1814	----	125,000	5,500	----	144,000	----	----	----	274,500
May 1, 1814	----	----	1,000	----	50,000	----	----	75,000	126,000
May 11, 1814	----	74,700	145,000	----	----	----	----	----	219,700
May 21, 1814	----	----	29,500	----	100,000	----	----	----	129,500
June 1, 1814	----	----	6,200	100,000	----	----	----	----	106,200
June 11, 1814	----	----	24,500	----	25,000	----	----	----	49,500
June 21, 1814	25,000	23,000	----	----	25,000	----	----	----	73,000
July 1, 1814	149,700	105,400	----	----	----	----	----	----	255,100
July 11, 1814	----	75,000	29,000	----	----	----	----	----	104,000
July 21, 1814	----	----	12,700	----	45,000	----	----	----	57,700
Aug. 1, 1814	92,000	60,000	510,000	40,000	17,800	----	----	----	719,800
Aug. 11, 1814	----	90,000	94,200	----	20,000	----	150,000	----	354,200
Aug. 21, 1814	----	----	----	----	2,500	----	----	----	2,500
Sept. 1, 1814	----	----	1,600	----	----	----	----	----	1,600
Sept. 11, 1814	----	----	----	----	10,000	----	----	----	10,000
Sept. 21, 1814	----	40,000	----	----	60,000	----	----	----	100,000
Oct. 11, 1814	----	25,000	11,820	----	500,000	----	----	----	536,820
Oct. 21, 1814	52,000	238,000	105,000	100,000	1,000	----	----	----	496,000
Nov. 1, 1814	150,000	200,000	100,000	----	27,700	----	----	----	477,700
Nov. 11, 1814	----	----	130,000	----	15,000	----	----	----	145,000
Nov. 21, 1814	12,000	310,280	254,600	5,000	21,700	----	----	----	603,580
Dec. 1, 1814	----	853,420	174,060	60,000	14,900	----	----	----	1,102,380
Dec. 11, 1814	3,000	50,000	4,060	----	11,100	----	----	----	68,160
Dec. 21, 1814	300	23,160	68,000	----	31,180	15,000	----	----	137,640
Jan. 1, 1815	----	387,000	222,240	----	50,460	----	----	----	659,700
Jan. 11, 1815	50,000	440,900	81,200	----	34,620	----	----	----	606,720
Jan. 21, 1815	----	138,160	34,900	----	65,900	----	----	----	238,960
Feb. 1, 1815	----	420,420	1,196,280	11,000	5,100	----	----	----	1,632,800
Feb. 11, 1815	----	----	79,200	----	45,900	----	----	----	125,100
Feb. 21, 1815	----	----	----	----	18,400	----	----	----	18,400
March 1, 1815	----	25,600	1,200	----	82,540	----	----	----	109,340
March 11, 1815	----	----	400	----	15,000	----	----	----	15,400
March 21, 1815	----	----	11,900	----	----	----	----	----	11,900
April 1, 1815	----	----	8,900	----	----	----	----	----	8,900
April 11, 1815	----	----	----	----	2,200	----	----	----	2,200
April 21, 1815	----	----	----	----	2,000	----	----	----	2,000
June 21, 1815	----	----	1,000	----	----	----	----	----	1,000
TOTAL	534,000	3,855,040	3,343,960	316,000	1,500,000	15,000	150,000	286,000	10,000,000

TABLE 12
Known Treasury Notes of 1812

Issue Date	Den.	Official Redemption Date	Last Payment	Value Outstanding	K#	Plate Letter	Signature Combination	Total Population	Grade
6/30/1812	\$1,000	12/31/1814	9/20/1820	100	TN-1	A	Unsigned remainder	3	PCGS 40
					TN-1	A	Unsigned remainder		PMG CU63 EPQ
					TN-1	A	Unsigned remainder		PMG AU50, 3 large borders
	\$100				TN-2	A	Unsigned remainder	5	PMG 58
					TN-2	A, B	Uncut pair of Unsigned remainders. Finest uncut sheet		PMG 40 EPQ
					TN-2	B	Unsigned remainder		PMG-55
					TN-2	D	Unsigned remainder		PCGS 40 PPQ
2/25/1813	\$1,000	3/31/1815	12/26/1820	900	TN-3	None	-		
					TN-4	None	-		
3/4/1814	\$1,000	6/21/1816	1837	43,160	TN-5	None	-		
					TN-6a(1)	C	Dated 1/1/15 to A. S. Bullock double signature remainder #9418 (Signed Clarke & Fox)	3 1/2	PCGS 45
					TN-6a(1)	D	Dated 1/1/15 to A. S. Bullock double signature		AU
					TN-6a(1)	D	Dated 1/1/15 to A. S. Bullock double signature remainder #9414 (Signed Clarke & Fox)		VF/XF
					TN-6a(1)	C	Dated 1/15/15 to A. S. Bullock double signature remainder, 1/2 note only (Signed Clarke & Fox)		
	\$20				TN-7	None	-		
12/26/1814	\$100	9/1/1816	9/30/1841	(41,030)	TN-8	A	Dated 2/11/1815 Unsigned remainder #3013 payable to "P.G. Vorrhies" at Philad [elphia]	2	PCGS 35
					TN-8	A	Dated 2/11/1815 Unsigned remainder #3016 payable to "P.G. Vorrhies" at Philad [elphia]	2	PCGS 30 PPQ
					TN-8a	A	Double signature remainder, not dated, Twice cross cancelled (Signed Clarke & Fox)	3	PMG 20
					TN-8a	C	Double signature remainder (Clarke & Fox), uncanceled		PMG F15
					TN-8a	D	Double signature remainder? Cross cancelled		PMG-20, singed/ taped top margin brittle
					TN-8p	B	Punched hole cancelled Proof	2	CH CU
					TN-8p	D	Punched cancelled Proof		PMG 63 Net Mounted
	\$20				TN-9	E	Unsigned remainder	2	VF/XF, rt tip gone
					TN-9	E	Unsigned remainder		PASS-CO-64
					TN-9a(2)	A	Double signature remainder (Signed McGeary & Biddle)	8	PCGS 30
					TN-9a(2)	A	Double signature remainder (Signed McGeary & Biddle)		
					TN-9a(2)	A	Double signature remainder (Signed McGeary & Biddle)		PMG-30
					TN-9a(2)	A, B	Uncut pair of double signature remainder (Signed McGeary & Biddle)		CU
					TN-9a(2)	B	Double signature remainder (Signed McGeary & Biddle)		
					TN-9a(1)	E	Double signature remainder (Signed Clarke & Fox)	2	PCGS 55 apparent w/ sm. Edge repair
					TN-9a(1)	E/F	Uncut pair of double signature remainder (Signed Clarke & Fox)		PMG-VF 35 EPQ
					TN-9a(2)	H	Double signature remainder (Signed McGeary & Biddle)		CU/XF

TABLE 12
Known Treasury Notes of 1812 (cont.)

Issue Date	Den.	Official Redemption Date	Last Payment	Value Outstanding	K#	Plate Letter	Signature Combination	Total Population	Grade
					TN-9a(2a)	H	Double signature remainder (Signed McGeary & Biddle)		CU/XF
					TN-9a(2a)	H	Double signature remainder (Signed McGeary & Biddle)		CU
					TN-9p	A	Punched cancelled Proof	4	PMG 63 Net, Ink blot upper left, Previously mounted
					TN-9p	A	Punched cancelled Proof		PCGS 58 apparent
					TN-9p	B	Punched hole cancelled Proof		Gem CU
					TN-9p	B	Punched hole cancelled Proof		AU
2/24/1815 Large Treasury Notes	\$100	1/1/1842	(600)		TN-10	A	Unsigned remainder	6	PCGS 55
					TN-10	A	Unsigned remainder		PMG-50
					TN-10	B	Unsigned remainder		PMG-55 PPQ
					TN-10	B	Unsigned remainder		PMG 53, sm repairs
					TN-10	C	Unsigned remainder		
					TN-10	C	Unsigned remainder		XF
					TN-10p	A, B, C	Punched hole cancelled Proof, Sheet of 3	4	Gem CU
					TN-10p	C	Punched hole cancelled Proof with 9 holes		Repaired tear, PMG XF45
2/24/1815 Small Treasury Notes	\$50			2,061	TN-11b	A	Singly signed by Clarke	4	AU
					TN-11b	B	Singly signed by Clarke		PMG 55 Net Residue
					TN-11b	C	Singly signed by Clarke		PMG-55
					TN-11b	D	Singly signed by Clarke		AU
					TN-11c	11519A	Fully Signed, punch hole cancelled (Signed McGeary, Biddle & Nourse)	11	PCGS 55
					TN-11c	11520A	Fully Signed, punch hole cancelled		
					TN-11c	11535A	Fully Signed, punch hole cancelled		VF, 2 tape strips reverse
					TN-11c	11538A	Fully Signed, punch hole and cross cut cancelled		PMG-40
					TN-11c	11543A	Fully Signed, punch hole cancelled		PCGS 45PPQ
					TN-11c	11544A	Fully Signed, punched hole cancelled, repaired UR		AU 50, apparent
					TN-11c	11545A	Fully Signed, punched hole cancelled		F+, Right Tip repaired
					TN-11c	11546A	Fully Signed, punched hole cancelled		
					TN-11c	11548A	Fully Signed, punched hole & cross cut cancelled		XF+
					TN-11c	11550A	Fully Signed, punched hole cancelled		PMG-40
					TN-11c	12662B	Fully Signed, punched hole cancelled (Signed McGeary, Biddle & Nourse)		VG, but torn & taped
					TN-11p	A, B, C	Punched hole cancelled Proof, Sheet of 3	3	PMG-CU63
	\$20				TN-12	A	Unsigned remainder	7	
					TN-12	A	Unsigned remainder		
					TN-12	B	Unsigned remainder		PMG 62 Net Adhesive
					TN-12	B	Unsigned Remainder		PCGS 64
					TN-12	C	Unsigned remainder		PMG-CU64
					TN-12	C	Unsigned Remainder		

TABLE 12
Known Treasury Notes of 1812 (cont.)

Issue Date	Den.	Official Redemption Date	Last Payment	Value Outstanding	K#	Plate Letter	Signature Combination	Total Population	Grade
					TN-12	D	Unsigned remainder		
					TN-12p	B	Incomplete proof with 9 holes, no denomination at left edge	3	PMG-25
					TN-12p	D	Proof with 9 holes		PCGS 55 apparent
					TN-12p	E	Proof with 9 holes		CU
					TN-13a(1)	A	Double signature remainder (Signed by Clarke & Fox)	1	PCGS 40 PPQ
	\$10 Text at Right				TN-13a(2)	A	Double signature remainder (Signed McGeary & Biddle)	6	PMG 20
					TN-13a(2)	A	Double signature remainder (Signed McGeary & Biddle)		PMG 30
					TN-13a(2)	B	Double signature remainder		
					TN-13a(2)	C	Double signature remainder		XF, with edge repair at bottom
					TN-13a(2)	D	Double signature remainder (Signed McGeary & Biddle)		VG
					TN-13a(2)	H			PMG-20
	\$10 No Text at Right				TN-14	G	Unsigned Remainder	2	
					TN-14	H	Unsigned Remainder		
					TN-14a	E	Double signature remainder #131	27	AU
					TN-14a	E	Double signature remainder		
					TN-14a(1)	E	Double signature remainder		VF, taped
					TN-14a(1)	E	Double signature remainder		F-VF nick at top left corner
					TN-14a(1)	E	Double signature remainder		PMG 58 Net Restoration
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		AU rust spot
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		VF
					TN-14a(1)	F	Double signature remainder		XF/AU
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		VF
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		CH CU
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		XF
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		VF
					TN-14a(1)	F	Double signature remainder (Signed Clarke & Fox)		PCGS 20 apparent
					TN-14a(2)	F, G, H	Uncut sheet of 3, double signature remainder (Signed Clarke & Fox)		AU
					TN-14a(2)	G	Double signature remainder		VF
					TN-14a(2)	G	Double signature remainder (Signed Clarke & Fox)		F, taped left side
					TN-14a(2)	G	Double signature remainder (Signed Clarke & Fox)		PMG VF 30 Net stained tear
					TN-14a(2)	G	Double signature remainder (Signed Clarke & Fox)		PMG-58
					TN-14a(2)	G/H	Double signature remainder, Uncut Pair (Signed Clarke & Fox)		PMG 45
					TN-14a(2)	H	Double signature remainder		
					TN-14a(1)	H	Double signature remainder		About Fine, brown spot left center

TABLE 12
Known Treasury Notes of 1812 (cont.)

Issue Date	Den.	Official Redemption Date	Last Payment	Value Outstanding	K#	Plate Letter	Signature Combination	Total Population	Grade
					TN-14a(1)	H	Double signature remainder (Signed Clarke & Fox)		PMG-20
					TN-14a(1)	H	Double signature remainder (Signed Clarke & Fox)		PCGS 30
					TN-14a(1)	E	Double signature remainder (Signed Clarke & Fox)		Good/VG, top margin cut off, wide lower margin
					TN-14c	H	Fully signed & dated 3/25/15, (Signed Clarke & Fox) Countersigned (James Dickson)	1	PCGS 40 apparent
					TN-14c	H	Double signature remainder, Countersigned (John Calhoun)		authenticity unconfirmed
					TN-14p	E, F, G	Punched hole cancelled Proof, Sheet of 3	3	PMG-CU64 reverse residue
	\$5				TN-15	a	Unsigned remainder, cut cancelled	11	PMG-AU55
					TN-15	b	Unsigned remainder		XF, Wet stains bottom half
					TN-15	b	Unsigned remainder		
					TN-15	b,c,d	Uncut strip of 3 unsigned remainders, cross cancelled		XF+
					TN-15	b	Unsigned remainder		
					TN-15	c	Unsigned Remainder, cross cut cancelled		Staining on left, watermarked PMG-12
					TN-15	d	Unsigned remainder, cut cancelled		PMG 58, cornernick tears
					TN-15	d	Unsigned Remainder		
					TN-15	d	Unsigned Remainder		CH AU
					TN-15	d	Unsigned Remainder		F/VF
					TN-15		Uncut Pair, each cross cancelled		VG, Stained
					TN-15a(2)		Double signature remainder (Signed by McGeary & Biddle)	7	PCGS-58 PPQ
					TN-15a(2)	b,c,d	Uncut strip of 3, Double signature remainder (Signed by McGeary & Biddle)		
					TN-15a(2)	b,c,d	Uncut strip of 3, double signature remainder (Signed McGeary & Biddle)		AU
					TN-15p	e	Unsigned Proof on card, punched hole cancelled	4	VF/XF
					TN-15p	f, g, h	Punched hole cancelled Proof, Sheet of 3		PMG-CU64
	\$3				TN-16	A	Unsigned remainder	9	XF/AU
					TN-16	A	Unsigned remainder		PMG 58, upper corner missing
					TN-16	A, B, C, D	Uncut sheet of 4, unsigned remainder		CH AU
					TN-16	B	Unsigned remainder		PCGS 48 PPQ
					TN-16	C	Unsigned remainder		PMG 53
					TN-16	D	Unsigned remainder		PMG-64
					TN-16a	A	Double signature remainder	4	XF
					TN-16a	B	Double signature remainder		VF
					TN-16a	D	Double signature remainder		F
					TN-16a(2)	D	Double signature remainder (Signed McGeary & Biddle)		XF-AU
					TN-16c	D	Fully signed (Sign McGeary & Biddle) countersigned Joseph Nourse	1	PMG-25
					TN-16pr	D	Proof on thin India paper; UNITED STATES cut out and two triangular bottom cuts	1	About VF

The Treasury Notes of the War of 1812

The following TN listing is taken from *Paper Money of the United States* by Arthur L. and Ira S. Friedberg who adopted it from this author's original manuscript on the subject. Besides arranging them by the different authorization Acts, denominations, number of signatures (0-3), and designs, we have included minor varieties which distinguish different signature combinations in this comprehensive work.

Following the Major types and denominations (T1-T16) a small letter indicates if the note is singly signed (b), doubly signed (a), triple (counter) signed (c), a proof (p) — all of which are hole cancelled —, or an unsigned remainder (no letter). New discoveries have been made since my first manuscript in 1980 and in some cases these are different than previous designations supplied by me but now modified to provide consistency. We apologize for any confusion this may cause.

Most notes which are signed carry two signatures which are identified by sub numbers. Co-signors Samuel Clarke and Earnest Fox receive sub # (1), while signers F.W. McGeary and C.C. Biddle are designated by (2). One type (TN-11) is known with a single signature (Samuel Clarke) so no sub number is needed to distinguish it from others. Two notes are known with a third counter-signature: TN-14c is countersigned by James Dickson and TN-16c is countersigned by Joseph Nourse. TN-16pr appears to be the only known prototype or specimen Treasury Note. Unlike all others it lacks signature borders. We speculate that the Government purposely cut out the words "THE UNITED STATES" and made two other cuts to make certain no one would mistake it for a final product.

A. Act of June 30, 1812

1-year notes of this issue bore interest at 5.4%. 100 notes outstanding.

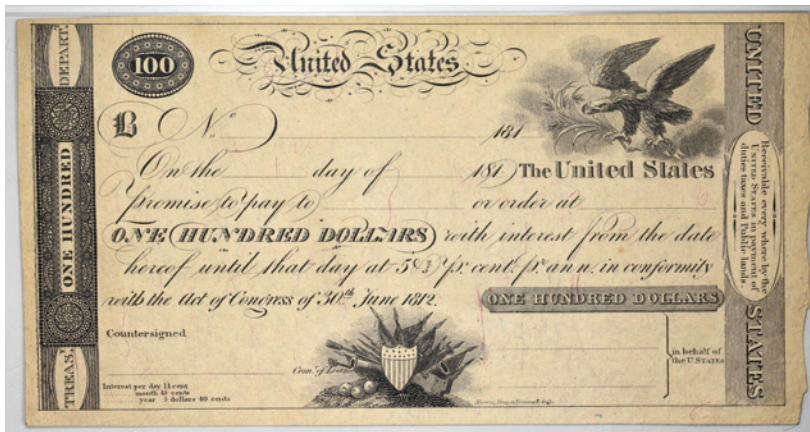


Spread Eagle facing right at upper left. Shield and cannon at lower center.

TN-1. 1,000 Dollars. Unsigned remainder.

3 known. (2,000 issued)

A. Act of June 30, 1812 (cont.)



Eagle on branch at upper right. Shield and cannon at lower center.

TN-2. 100 Dollars. Unsigned remainder.

5 known, including an uncut pair.

(15,000 issued)

B. Act of February 25, 1813

1-year notes of this issue bore interest at 5.4%.

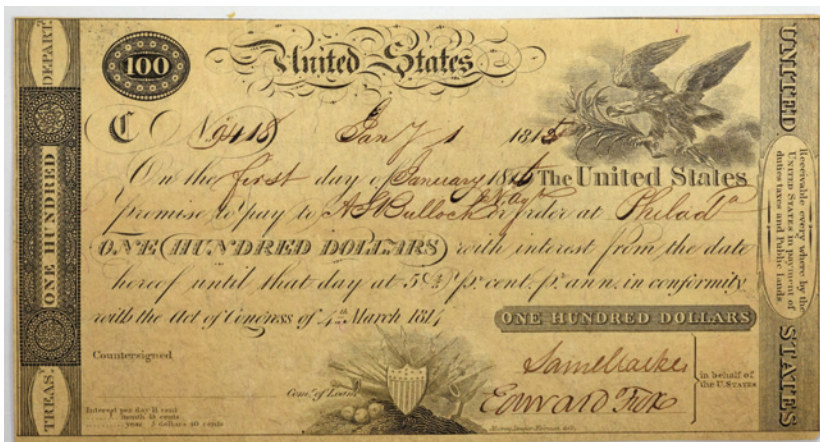
TN-3. 1000 Dollars. (4,000 issued) No notes known

TN-4. 100 Dollars. (5,000 issued) No notes known

C. Act of March 4, 1814

1-year notes bore interest at 5.4%.

TN-5. 1000 Dollars. (6,000 issued, est.) No notes known



Eagle on branch at upper right corner. Shield and cannon below center.

Signed Samuel Clarke & Edward Fox

TN-6a(1). (1) 100 Dollars. Signed by Samuel Clarke & Edward Fox. Double signature remainder dated Jan. 15, 1815. 3 known plus ½ of another note

C. Act of March 4, 1814 (cont.)

TN-7. 20 Dollars. (8,000 issued, est.) No notes known

D. Act of December 26, 1814

1-year notes bore interest at 5.4%.



Eagle on branch at upper right corner. Shield and cannon below center.

TN-8. 100 Dollars. Unsigned but numbered and dated Feb 11/15. 2 known.



TN-8a. 100 Dollars. Double signature .

Undated remainder.

Signed by Earnest Fox and Samuel Clarke

3 known.

TN-8p. 100 Dollars. Proof, hole cancelled.

2 known.

D. Act of December 26, 1814 (cont.)



Spread Eagle on Shield at upper left. "20" surrounded by cornucopia in lower center. (Image courtesy of Stack's Bowers Gallery)

TN-9. 20 Dollars. Unsigned remainder.

2 known.



TN-9a (1). 20 Dollars. Double signature.

Undated remainder. Uncut pair with the signatures of Clarke and Fox.

3 known including an uncut pair.



TN-9a (2). 20 Dollars. Double signature undated remainder. Signatures of McGeary and Biddle.

8 known including an uncut pair.

D. Act of December 26, 1814 (cont.)



TN-9p. 20 Dollars. Proof, hole cancelled.

4 known.

E. Act of February 24, 1815

\$100 notes bore interest at 5.4%. Notes from \$3 to \$50 bore no interest.



Eagle on branch at upper right. Shield at lower center.

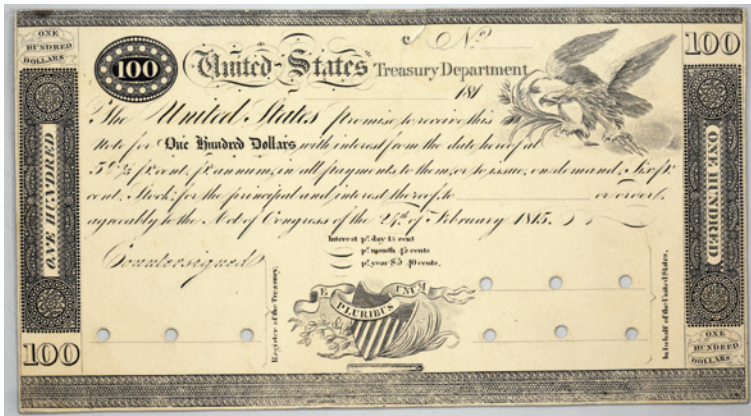
TN-10. 100 Dollars. Unsigned remainder.

(49,694 issued) 6 Known.

TN-10a. 100 Dollars. Double signature

Undated remainder. Unconfirmed.

E. Act of February 24, 1815(cont.)



TN-10p. 100 Dollars. Proof, hole cancelled.

4 known, including an uncut sheet of three.

Spread Eagle on branch at upper right. Signed by F. W. McGeary & C.C. Biddle. Countersigned by Joseph Nourse.

TN-11. 50 Dollars. Unsigned remainder. Unconfirmed.



TN-11b. 50 Dollars. Singly signed remainder by Samuel Clarke.

4 known.



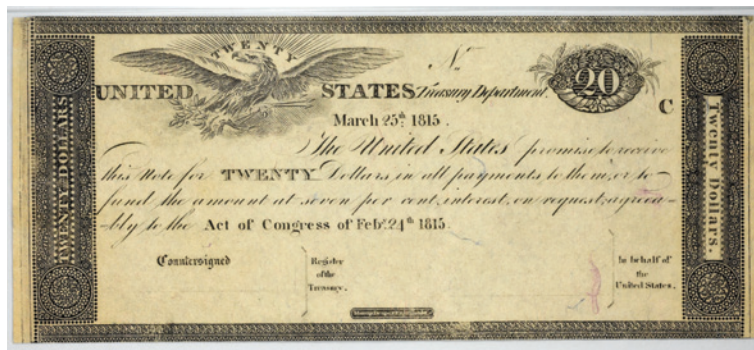
TN-11c. 50 Dollars. Doubly signed and countersigned by Joseph Nourse and hole cancelled. With serial number.

E. Act of February 24, 1815(cont.)



TN-11p. 50 Dollars. Proof, hole cancelled.

1 uncut sheet of three known.



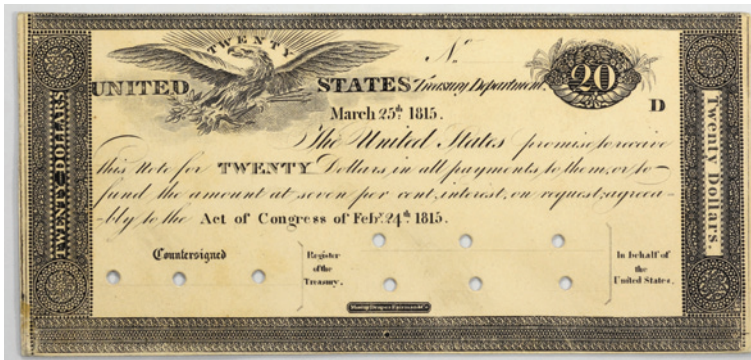
Spread Eagle on branch at upper left.

TN-12. 20 Dollars. Unsigned remainder.

TN-12a. 20 Dollars. Double signature.

Remainder. Unconfirmed.

E. Act of February 24, 1815(cont.)



TN-12p. 20 Dollars. Proof, hole cancelled.

3 known.

TN-13. 10 Dollars. Unsigned remainder. Unconfirmed.



TN-13a(1) 10 Dollars. Double signature Signed by Samuel Clarke and Edward Fox.

Remainder. 1 known.



TN-13a(2) 10 Dollars. Double signature Signed by F. W. McGeary and C. C. Biddle.

Remainder. 6 known.

E. Act of February 24, 1815(cont.)

TN-14. 10 Dollars. Unsigned remainder. 2 known.



TN-14a. 10 Dollars. Double signature remainder.



TN-14c. 10 Dollars. Doubly Signed and Countersigned James Dickson.
1 known.



TN-14p. 10 Dollars. Proof, hole cancelled.
1 uncut sheet of 3 known.
Spread eagle with shield at upper right.

E. Act of February 24, 1815(cont.)



TN-15. 5 Dollars. Unsigned remainder.



TN-15a. 5 Dollars. Double signature. (Image courtesy of Stack's Bowers Galleries)

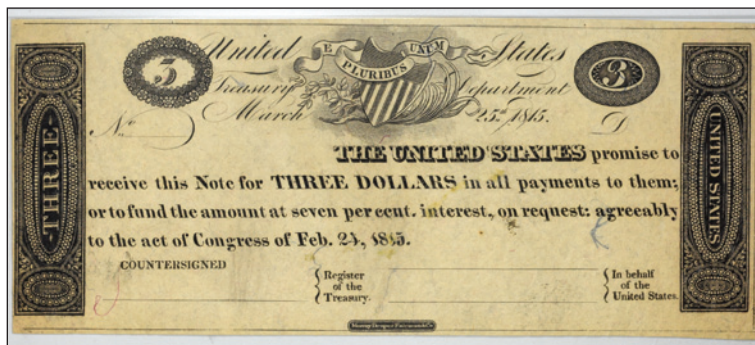
Remainder: 2 uncut sheets of 3 known.

E. Act of February 24, 1815(cont.)



TN-15p. 5 Dollars. Proof, hole cancelled.

4 known, including an uncut sheet of three.

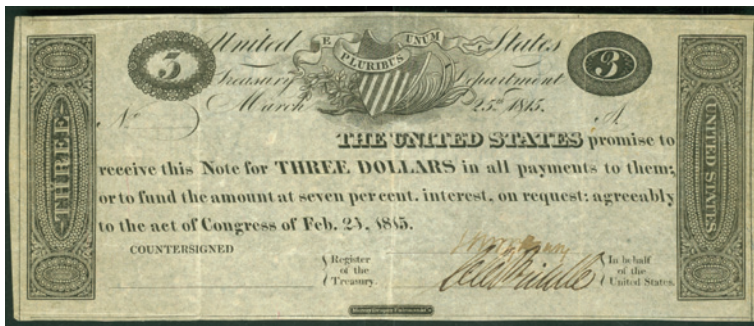


Shield with motto in upper center.

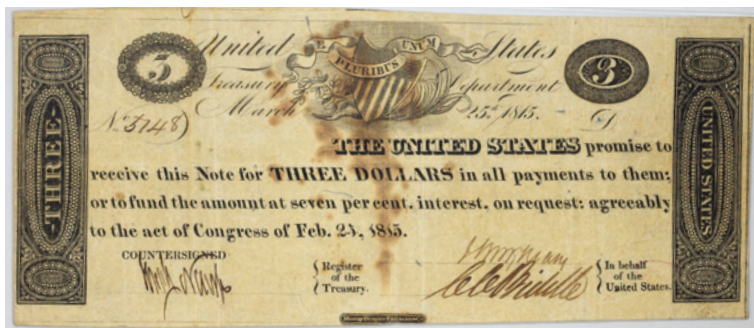
TN-16. 3 Dollars. Unsigned remainder.

1 uncut sheet of four known.

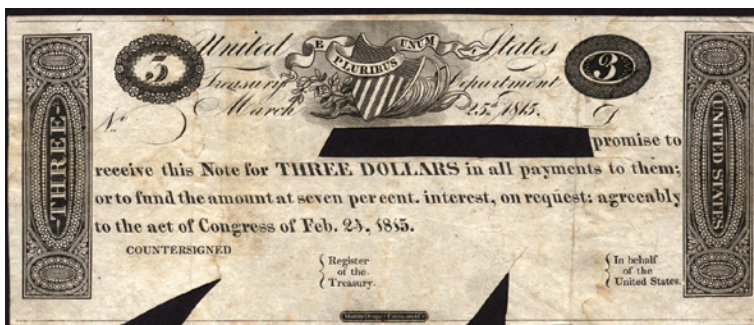
E. Act of February 24, 1815(cont.)



TN-16a. 3 Dollars. Double signature remainder.
4 known. (Image courtesy of the ANA Money Museum)



TN-16c. 3 Dollars. Doubly signed by J.W. McGeary and C.C. Biddle and Countersigned by Joseph Nourse. 1 known.



TN-16pr. 3 Dollars. Prototype with cut cancelling.
(Image courtesy John and Nancy Wilson)

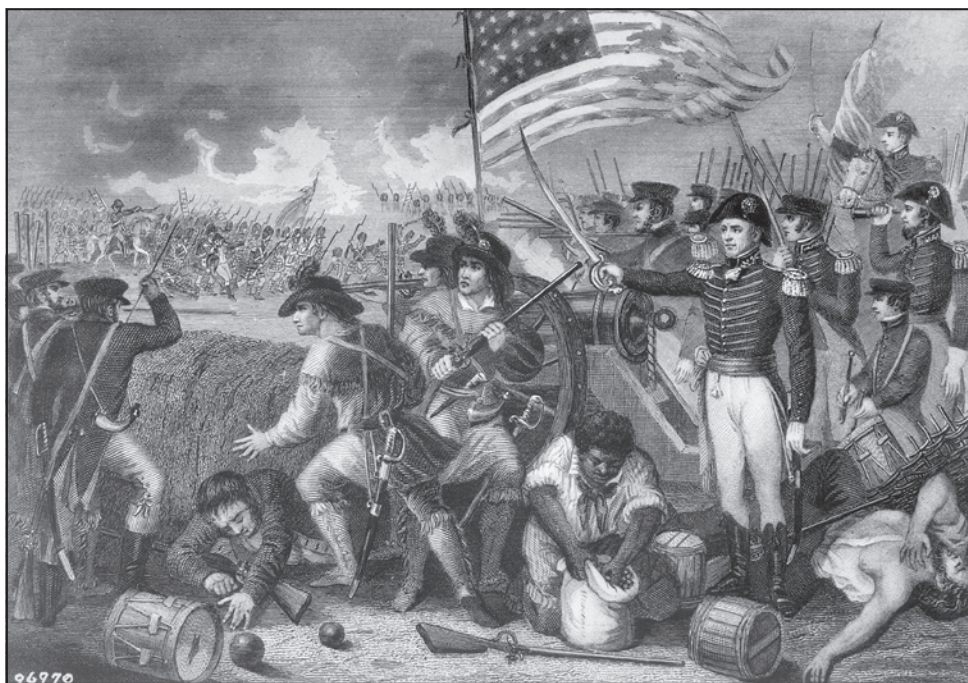
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American forces repelled a British assault on New Orleans in January 1815. The battle occurred before news of a peace treaty reached the U.S. The Battle of New Orleans. January 1815. Copy of engraving by H. B. Hall after W. Momberger. U.S. National Archives.



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